



Huabao International Holdings Limited
華寶國際控股有限公司

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock Code 股份代號 : 00336



2015-2016

Annual Report 年度報告

Contents 目錄

Corporate Information 公司資料	2
Financial Highlights 財務摘要	4
Company Profile, Corporate Culture and Key Events for the Year 集團簡介、企業文化及全年大事記	5
Chairwoman's Statement 主席報告	12
Management Discussion and Analysis 管理層討論及分析	14
Biographical Details of Directors and Senior Management 董事及高級管理層履歷	42
Corporate Governance Report 企業管治報告	51
Investor Relations Report 投資者關係報告	72
Directors' Report 董事會報告	76
Independent Auditor's Report 獨立核數師報告	93
Consolidated Statement of Financial Position 綜合財務狀況表	95
Consolidated Income Statement 綜合收益表	96
Consolidated Statement of Comprehensive Income 綜合全面收益表	97
Consolidated Statement of Changes in Equity 綜合權益變動表	98
Consolidated Statement of Cash Flows 綜合現金流量表	99
Notes to the Consolidated Financial Statements 綜合財務報表附註	100
Five Year Financial Summary 五年財務摘要	208
Glossary 詞彙	209

Corporate Information

公司資料

BOARD OF DIRECTORS

Executive Directors

Ms. CHU Lam Yiu (*Chairwoman & CEO*)
Mr. XIA Li Qun (*Vice Chairman & CFO*)
Mr. POON Chiu Kwok (*Company Secretary*)
Mr. LAM Ka Yu (*Re-designated on 4 March 2016*)

Independent Non-executive Directors

Dr. DING Ningning
Mr. LEE Luk Shiu
Ms. MA Yun Yan
Mr. WU Chi Keung

AUDIT COMMITTEE

Mr. LEE Luk Shiu (*Chairman*)
Dr. DING Ningning
Ms. MA Yun Yan
Mr. WU Chi Keung

REMUNERATION COMMITTEE

Mr. LEE Luk Shiu (*Chairman*)
Ms. MA Yun Yan
Mr. WU Chi Keung
Mr. XIA Li Qun

NOMINATION COMMITTEE

Ms. CHU Lam Yiu (*Chairwoman*)
Dr. DING Ningning
Mr. LEE Luk Shiu

QUALIFIED ACCOUNTANT

Ms. CHOY Man Har *FCCA, FCCA*

COMPANY SECRETARY

Mr. POON Chiu Kwok *FCIS, FCS*

AUDITORS

PricewaterhouseCoopers

LEGAL ADVISOR

Herbert Smith Freehills

董事會

執行董事

朱林瑤女士 (*主席兼首席執行官*)
夏利群先生 (*副主席兼首席財務官*)
潘昭國先生 (*公司秘書*)
林嘉宇先生 (*於二零一六年三月四日調任*)

獨立非執行董事

丁寧寧博士
李祿兆先生
麻雲燕女士
胡志強先生

審核委員會

李祿兆先生 (*主席*)
丁寧寧博士
麻雲燕女士
胡志強先生

薪酬委員會

李祿兆先生 (*主席*)
麻雲燕女士
胡志強先生
夏利群先生

提名委員會

朱林瑤女士 (*主席*)
丁寧寧博士
李祿兆先生

合資格會計師

蔡文霞女士 *FCCA, FCCA*

公司秘書

潘昭國先生 *FCIS, FCS*

核數師

羅兵咸永道會計師事務所

法律顧問

史密夫斐爾律師事務所

Corporate Information

公司資料

PRINCIPAL BANKERS

China Citic Bank Corporation Limited
China Merchants Bank Co., Ltd.
China Minsheng Banking Corp., Ltd.
Hang Seng Bank Limited
Standard Chartered Bank (HK) Limited

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 3008
30th Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

BRANCH SHARE REGISTRAR

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited: 00336

COMPANY WEBSITE

www.huabao.com.hk

主要往來銀行

中信銀行股份有限公司
招商銀行股份有限公司
中國民生銀行股份有限公司
恒生銀行有限公司
渣打銀行(香港)有限公司

總部及香港主要營業地點

香港
灣仔
港灣道18號
中環廣場30樓
3008室

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

主要股份過戶登記處

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

股份過戶登記分處

卓佳登捷時有限公司
香港
皇后大道東183號
合和中心22樓

股份代號

香港聯合交易所有限公司：00336

公司網址

www.huabao.com.hk

Financial Highlights

財務摘要

TABLE OF FINANCIAL HIGHLIGHTS

財務摘要表

		2016	2015	Change in percentage
		二零一六年	二零一五年	百分比變動
		HKD'000	HKD'000	
		港幣千元	港幣千元	
Sales	營業額	3,928,217	4,326,486	-9.2%
Gross profit	毛利	2,705,176	3,025,317	-10.6%
Gross profit margin	毛利率	68.9%	69.9%	
Operating profit	營運盈利	1,748,103	2,320,145	-24.7%
EBIT margin	EBIT率	44.5%	53.6%	
Selling and marketing expenses to sales	銷售及市場推廣開支 佔銷售比率	6.4%	4.7%	
Administration expenses to sales	行政開支佔銷售比率	22.9%	17.7%	
Profit before income tax	除稅前盈利	1,832,915	2,386,247	-23.2%
Profit attributable to the equity holders of the Company	本公司權益持有人 應佔盈利	1,450,250	1,986,584	-27.3%
Earnings per share (HK cents)	每股盈利 (港仙)			
– Basic	– 基本	46.69	64.02	-27.4%
– Diluted	– 攤薄	46.66	63.93	-27.3%
Net cash generated from operating activities	營運活動產生之現金淨額	1,472,229	2,141,895	-31.0%
Net cash*	淨現金*	3,503,706	2,875,813	+21.7%
Total equity	總權益	10,530,418	9,403,842	+12.0%
Dividends paid per share for the year (HK cents)	全年每股股息 (港仙)	–	9.52	
Special dividends per share for the year (HK cents)	全年每股特別股息 (港仙)	–	22.2	
Dividend payout ratio for the year	全年股息分派率	–	50%	
Debt ratio [#]	負債比率 [#]	0.2%	8.2%	
Current ratio (times)	流動比率 (倍)	6.6	4.1	
Liquidity ratio (times)	速動比率 (倍)	5.7	3.6	
Inventory turnover (days)	存貨周轉率 (日)	243	232	
Trade receivables turnover (days)	應收賬款周轉率 (日)	89	79	
Trade payables turnover (days)	應付賬款周轉率 (日)	113	116	

* "Net cash" means "restricted bank balances" plus "Short-term time deposits" plus "Cash and cash equivalents" minus "Borrowings".

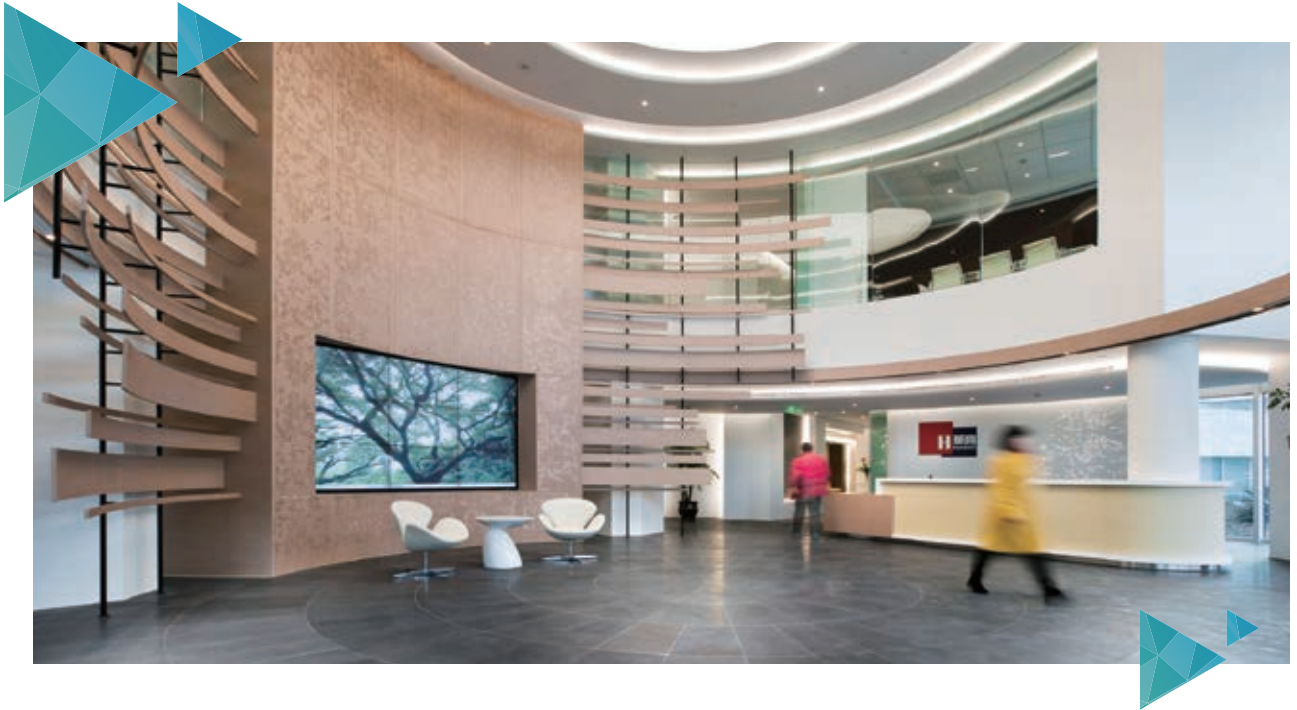
"Debt ratio" means "Total borrowings (include current & non-current borrowings)" divided by "Total Equity (exclude non-controlling interests)".

* 「淨現金」等於「受限制銀行存款」加「短期定期存款」加「現金及現金等價物」減「貸款」。

「負債比率」等於「總貸款 (已包括流動及非流動貸款)」除以「總權益 (不含非控制性權益)」。

Company Profile, Corporate Culture and Key Events for the Year

集團簡介、企業文化及全年大事記



Company profile

Huabao International Holdings Limited (the “Group”), with flavours segment, fragrances segment, aroma raw materials segment, RTL segment, new materials segment and investment & finance segment (in progress), is mainly engaged in the R&D, production and sales of flavours and fragrances, aroma raw materials, RTL, and tobacco new materials, and also makes diversified investments around core business. It is an investment holding group based on the fast-moving consumer goods market of China.

集團簡介

華寶國際控股有限公司（「本集團」）下設食用香精板塊、日用香精板塊、香原料板塊、煙草薄片板塊、新材料板塊及組建中的投資金融板塊，主要從事香精香料、香原料、煙草薄片、煙草新材料的研發、生產和銷售，並圍繞核心產業鏈進行多元化投資，是一家基於中國快速消費品市場的投資控股集團。

Company Profile, Corporate Culture and Key Events for the Year 集團簡介、企業文化及全年大事記

The Group is a market leader in China's flavours and fragrances industry. The Group has been the leading producer in terms of sales revenue among competitors, maintaining a significant position within the flavours and fragrances industry in China. The Group possesses an integrated core value chain, established upstream aroma raw material bases in Guangdong, Jiangsu, and Hunan, flavour production bases in Shanghai, Guangdong, Jiangsu, Yunnan, Jiangxi, Fujian, and Hong Kong, etc., overseas R&D centres in Holzminden of Germany, State-recognised R&D centre in Shanghai and R&D departments in Guangdong, Yunnan, Jiangsu and Fujian provinces. The Group takes on leadership roles in a number of flavours and fragrances industry associations in China, including Deputy Director of China Food Additives & Ingredients Association and Chairman of Shanghai Food Additive and Batching Industry Association.

The Group is also one of the market leaders in China's RTL industry, where its production capacity and sales account for significant market shares and its production workmanship and product quality have reached leading domestic and advanced international levels. Guangdong Jinye, a subsidiary of the Group, is one of the RTL R&D bases authorised by the STMA. In November 2012, the second phase of Guangdong Jinye RTL production line was completed and commenced production, which became the first one that was certified by the STMA and achieved landmark-status in paper-making RTL production. Its production workmanship has been recognised by the STMA to have reached the highest technology level within domestic paper-making RTL production, while its major technical indicators also have reached advanced international levels. In 2015, the Group's "Paper-making RTL production technology upgrade project" was certified by the STMA at international advanced level. The award marked the significant technological achievements of the Group in the field of paper-making RTL production technology, and realized a great leap forward to the international advanced level.

本集團為中國香精香料行業的領導者，其銷售額在同行業一直名列前茅，在中國香精香料市場佔有重要地位。本集團擁有核心一體化的產業鏈，在中國廣東、江蘇、湖南等地擁有上游香原料中心，在上海、廣東、江蘇、雲南、江西、福建及香港等地設有香精生產基地，在德國霍爾茨明登設有研發中心，並於上海擁有一所國家級企業技術中心，另在廣東、雲南、江蘇及福建設有研發部門。本集團在中國香精香料行業組織擔任多個領導職位，包括中國食品添加劑工業協會副理事長和上海市食品添加劑和配料行業協會會長等。

本集團也是中國煙草薄片行業的領導者之一，其生產能力及銷售額同樣在行內佔有重要市場份額，而且其生產工藝及產品質量均達到國內領先和國際先進水平。本集團的下屬公司廣東金葉是國煙局煙草薄片研發基地之一。二零一二年十一月，本集團下屬公司廣東金葉二期煙草薄片生產線竣工投產，並通過國煙局驗收，成為國內首條獲得認證的造紙法煙草薄片標誌性生產線，其生產工藝獲國煙局評定為國產造紙法煙草薄片技術最高水平，主要技術指標亦已達國際先進水平。二零一五年，由廣東金葉承擔的「造紙法再造煙葉生產線技術升級項目」以國際領先水平通過國煙局組織的專家驗收，標志着廣東金葉在造紙法再造煙葉領域取得了重大的技術突破，實現了向國際先進水平的跨越。

Company Profile, Corporate Culture and Key Events for the Year 集團簡介、企業文化及全年大事記

The Group also maintained its leading position in the fields of new cigarette materials and new workmanships. Three platforms, namely the cigarette smoke transmission technological platform, the dry-pressed RTL technological platform and the innovative tobacco stem technological platform, have been established along with trial production bases, where innovative products are being progressively received by customers. In particular, the Group's dry-pressed RTL technology passed the project identification of the STMA in June 2015 and was identified as the first dry-pressed RTL pilot scale production line and whole set equipment locally and abroad developed with its own intellectual property rights, filling the gap in the industry. Overall, such R&D achievements have attained the advanced international level.

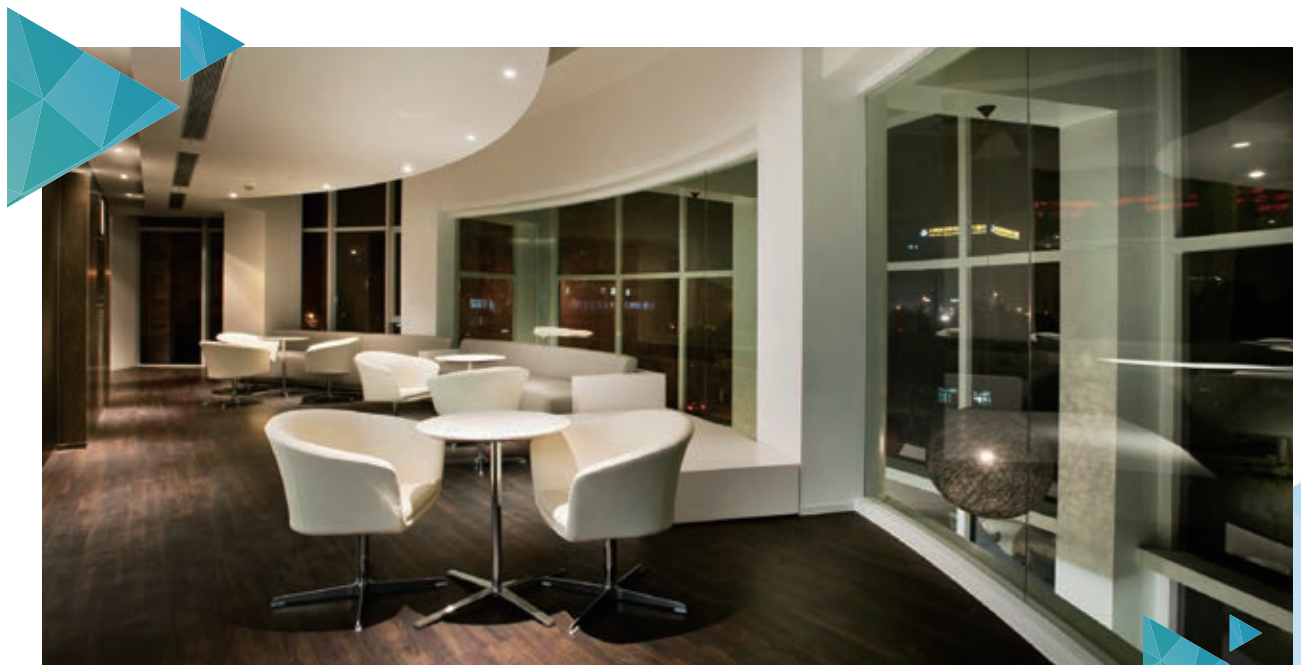
Meanwhile, the Group started to develop the business of innovative tobacco products, and particularly the e-cigarette business. Currently, the Group has not only established its own e-cigarette brand "SPV", but also acquired 51% issued shares of VMR, an American independent e-cigarette manufacturer. VMR is a professional integrated enterprise independently engaged in research, production and sales of e-cigarettes. It has its own vertically integrated business model, and its products are sold to more than 30 countries. It is one of the leading members of the e-cigarette online retailers.

The Group will continue focus on customers, take advantage of its own technology, driven by innovation, grasp the strategy opportunities of consumption upgrades in China and fully promote the upgrade of investment holding group strategy.

本集團在捲煙新材料及新工藝領域亦具有領先優勢，目前已成立捲煙煙氣傳質技術、乾法煙草薄片技術及新型煙梗處理技術三個平台，並建成具有試驗性的生產基地，其創新性產品正在逐步被客戶接受。其中，本集團之乾法煙草薄片技術於二零一五年六月通過了國煙局的項目鑑定，被認定為國內外首條具有自主知識產權的乾法煙草薄片中試生產線及成套裝備，填補了行業空白，研究成果整體達到國際領先水平。

同時，本集團也已着手在新型煙草製品，特別是電子霧化煙產品方面開展相關業務。目前，本集團除創立了自有電子煙品牌SPV（中文名稱：立場），報告期內還收購了美國獨立電子煙生產商VMR的51%股權。VMR是一家獨立從事電子煙研發、生產和銷售的公司，擁有自己的垂直電商平台，其產品銷往全球30多個國家，是全美首屈一指的電子煙網絡零售商之一。

本集團將始終以消費者為核心，發揮自身的技術優勢，以創新為驅動力，把握中國消費大升級的戰略機遇，全面推動投資控股集團的戰略升級。



Company Profile, Corporate Culture and Key Events for the Year 集團簡介、企業文化及全年大事記

Corporate Culture 企業文化

Vision 願景

Leader to a better life
美好生活引領者

Spirit 精神

Innovative, pragmatic, loyal and cooperative
創新、務實、忠誠、協作

Core Value 核心價值觀

Client first, value creation and shared achievements
客戶至上、價值創造、共享共贏

Strategy 戰略

- Establish an innovative organization and incentive mechanisms, and finish the strategy upgrade of the investment holding group.
- Enhance the flavours technology to expand into the food and beverage flavours and fragrances business by leveraging thereon and then replicate such success in other businesses such as additives and food ingredients, forming the future mega flavours and fragrances segment
- Accelerate the layout of aroma raw materials segment, and establish a leading production base of aroma raw materials in Asia and in the world
- Build up innovative incubation platform, driven by technology, grasp the trend of consumer upgrade and become the "leader to a better life"
- 建立創新組織與激勵機制，完成投資控股集團的戰略升級
- 大力發展香精技術，以此為基礎擴展食品香精業務，進而開拓添加劑與食品配料等衍生業務，形成未來的大香精板塊
- 加速香原料板塊的布局，打造亞洲及全球領先的香原料基地
- 建立創新孵化平台，以技術為驅動，把握消費升級趨勢，成為「美好生活的領跑者」

Company Profile, Corporate Culture and Key Events for the Year 集團簡介、企業文化及全年大事記

Key Events for the Year 全年大事記

2015

APRIL 4月

- In April 2015, the Group's subsidiaries, Huabao Kongque, Guangzhou Huabao, Guangdong Zhaoqing and Qingda Wuchan, all showed up in the "The 19th China International Food Additives and Ingredients" exhibition.
- 二零一五年四月，華寶集團旗下華寶孔雀、廣州華寶、廣東肇慶及青大物產亮相第十九屆中國國際食品添加劑和配料展覽會。



2015

MAY 5月

- In May 2015, Yunnan Tianhong was accredited as "Yunnan Innovative Enterprise".
- 二零一五年五月，雲南天宏被評為「雲南省創新型企業」。



2015

JUNE 6月

- In June 2015, the premiere of microfilm "Stand Point" and the new product press conference were successfully launched in Shanghai.
- In June 2015, the Group entered into a strategic cooperation agreement with a well-known global software and service supplier and officially initiated the CRM project.
- In June 2015, three science projects, including the Dry-pressed RTL production line, Comprehensive utilization improvement of raw materials and Paper-making method RTL pulping technology, passed the assessment of experts from the STMA, with relevant R&D achievements attaining the advanced international level.
- 二零一五年六月，《立場》微電影首映禮及新品發布會在上海舉行。
- 二零一五年六月，與全球知名的軟件服務供應商簽訂戰略合作協議，正式啟動CRM項目。
- 二零一五年六月，廣東金葉牽頭的乾法再造煙葉中試生產線、提高原料綜合利用率及造紙法再造煙葉制漿技術等3個科技項目成功通過國煙局驗收，成果達國際領先水平。



Company Profile, Corporate Culture and Key Events for the Year

集團簡介、企業文化及全年大事記

2015

JULY 7月

- In July 2015, Heilongjiang tobacco established full strategy partnership with Huabao Group.
- 二零一五年七月，黑龍江煙草和華寶集團建立全面戰略合作關係。

2015

AUGUST 8月

- In August 2015, Xiamen Amber successfully listed on the New Third Board trading system.
- In August 2015, the Group officially entered into a purchase agreement to purchase partial stake of of Yancheng Chunzhu, a leading company of aroma raw materials in China.



- 二零一五年八月，廈門琥珀成功在全國新三板交易系統掛牌。
- 二零一五年八月，本集團正式簽定購買協議，收購中國領先的香原料企業鹽城春竹部分股權。

2015

SEPTEMBER 9月

- In September 2015, Standpoint Technology won the "2015 Best New Comer Golden Leaf Award for" at the Global Tobacco & Nicotine Forum (GTNF) held in Italy.
- 二零一五年九月，立場科技在意大利舉行的全球尼古丁和煙草大會上榮獲「2015最佳新晉新型煙草企業金葉獎」。



2015

OCTOBER 10月

- In October 2015, Guangzhou Huafang and Owada both received the Certificate of High and New Technology Enterprise issued by Guangdong Province.
- 二零一五年十月，廣州華芳和澳華達雙雙獲得廣東省頒發的「高新技術企業證書」。

Company Profile, Corporate Culture and Key Events for the Year

集團簡介、企業文化及全年大事記

2015 NOVEMBER 11月

- In November 2015, Huabao Kongque B2B Shopping Mall (<http://www.kqfine.com>) went online, marking an important step for the Group's "internet + traditional industries".
- 二零一五年十一月，華寶孔雀商城上線，標誌着本集團邁出「互聯網+傳統行業」的重要一步。



2015 DECEMBER 12月

- In December 2015, the Group officially signed a contract to acquire 51% equity interest of VMR, a U.S.-independent e-cigarette company with a cash consideration of USD22.95 million.
- 二零一五年十二月，本集團正式簽約以現金代價2,295萬美元收購美國獨立電子煙公司VMR 51%股權。



2016 JANUARY 1月

- In January 2016, the laboratory established jointly by Guangdong Jinye and Guangdong Tobacco was recognized as state key laboratory.
- In January 2016, Yunnan Tianhong Technology Centre was granted an invention patent certificate of "a method for reducing harmful substances and improving the quality of paper-making RTL".
- 二零一六年一月，廣東金葉於廣東中煙共建實驗室通過國家重點實驗室認定。
- 二零一六年一月，雲南天宏技術中心獲得了「一種造紙法煙草薄片減害提質的方法」發明專利證書。



Chairwoman's Statement

主席報告



Dear Shareholders,

2016 is a year dually meaningful to Huabao. It's the 20th anniversary of Huabao's establishment and the 10th anniversary of the food flavours business' listing in Hong Kong; it's also a new starting point for the Group's second venture and restructuring and further development. As early as a few years ago, I started to work on the research of a diversified strategic development objective by an important tool of investment holding. In the meantime, I've had a series of discussions, argumentations and attempts with several renowned experts and institutions.

During the past three years, China's economy experienced dramatic changes and has been going through a structural adjustment in which the rapid growth pattern has been changed to moderately high growth pattern. The economic structure also underwent significant adjustment. The rapid economic development and fast growing income contributed to the general trend of consumption upgrades in China. Against such a background, Huabao has to consider how to grasp the historic opportunities at a level of investment holding. As the original development pattern would be an obstacle to the Group's development, after rounds of in-depth reviews and argumentations, the management considers that it is an inevitable course for Huabao's strategic upgrading and second venture to focus on the consumption goods industry benefited from consumption upgrades, and to take high-tech innovation as its endogenous development momentum, and build capital platform through financial investment, which will be the only way for Huabao's strategy upgrade and second venture.

各位股東，

二零一六年對華寶而言是具有雙重意義的一年，既是華寶成立二十週年，食用香精業務香港上市十週年的重要年份，又是集團二次創業、轉型再發展的新起點。我早在幾年前就開始着手研究以投資控股為重要手段的多元化戰略升級發展目標。期間與多位知名專家、機構進行了一系列地探討、論證和嘗試。

過去三年中國經濟發生了重大變化，已從高速增長切換成中高速的結構調整，經濟的結構也在發生重大調整，經濟的迅速發展以及國人收入水平快速增長，使得中國消費升級是大趨勢，而華寶必須站在投資控股的角度去評估如何抓住這一歷史性的機遇，面對這些機遇原有的發展模式將阻礙集團的發展，管理層經過深刻檢討和論證，認為集團聚焦在消費升級惠及的消費品行業，以高科技創新為內生發展動力，以金融和投資控股為手段，這將是華寶戰略升級、二次創業的必由之路。

Chairwoman's Statement 主席報告

To promote the second venture and strategic transformation, the Group, starting from the high-tech innovation and by investing overseas high-tech venture capital fund and domestic angel fund, stood fast in the front of the high-tech development through the flexible fund structure, assessed with big data analysis and reviewed from a crossover perspective. On the other hand, the Group actively promoted direct investment in China's fast moving consumer goods industry, and captured several valuable and strategic segment markets as well as new channels and micro customers to adapt to the "long-tail phenomenon" of the fast moving consumer goods market. Moreover, through a series of capital operations and the building of a hierarchal structure, the Group strives to develop itself into a well-established investment holding group.

In respect of capital operation, the Group conducted a comprehensive business segment restructuring and streamlining during the reporting period, and its businesses are currently divided into the following segments: flavours, fragrances, RTL, aroma raw materials, new materials and investment & finance segment (in progress). The Group also actively promotes to build multi-levels investment platforms. The Group believes that it is very important for the Group to build multiple capital platforms to develop into an investment holding Group, and it will continue to carry forward the relevant projects in the future to meet with its business development.

Restructuring of segments will bring a reallocation of the Company's assets, labor force, technology, management and other elements, and will develop a new production pattern, release enterprise vitality, and improve the management and work efficiency of the Group. As a "creator of economies of scale", the Group will provide service support for all segments, in a differential control model, and establish incentive and constraint mechanisms adapted to the market. The Board believes that, after the strategic investment and upgrading, operating efficiency of the Group will be effectively improved, which would bring the Group with sustainable performance growth and create benefits for shareholders.

Finally, on behalf of the Board, I would like to extend sincere gratitude to all shareholders, customers, suppliers and business partners for their continuing support, and also to members of the Board, the management, and employees who have been dedicating to the development of Huabao, for their invaluable contributions.

CHU Lam Yiu
Chairwoman

Hong Kong, 22 June 2016

為促進二次創業和戰略轉型，集團從高科技創新入手，通過投資海外的高科技風投基金和國內的天使風投基金，透過靈活的基金結構迅速站在高科技發展的最前沿，以大數據分析來評估，從跨界的角度來審視；另一方面，積極推進中國快消品直接投資，在快消品長尾化中，佔領多個價值性、戰略性的細分市場、新渠道和微客戶；再者多層次推進資本運作，通過搭建傘狀結構力圖發展為實力雄厚的投控集團。

在資本運作方面，報告期內，本集團進行了全面的業務板塊重組梳理，現劃分為食用香精板塊、日用香精板塊、煙草薄片板塊、香原料板塊、新材料板塊和組建中的投資金融板塊，並積極推進構建中國內地、香港、和美國多個資本平台的傘狀結構。本集團認為構建多個資本平台對於發展成為投資控股集團非常重要，未來會不斷地推進相關項目，以配合業務發展。

板塊的重組將對公司的資產、勞動力、技術、管理等要素進行重新分配，構建新的生產模式，釋放企業活力，提高集團管理和工作效率。作為「規模效應創造者」，集團將為各板塊提供服務支持，以差異化管控模式，建立與市場相適應的激勵和約束機制。董事會相信，在進行戰略投資升級之後，將有效提高集團的經營效率，為本集團業績帶來持續增長，並為股東創造效益。

最後，本人謹代表董事會對各位股東、客戶、供應商及業務伙伴的長期的支持表示衷心的感謝，同時對所有曾為華寶發展付出努力的董事、管理層及員工致以誠摯的謝意，感謝大家的寶貴貢獻。

朱林瑤
主席

香港，二零一六年六月二十二日

Management Discussion and Analysis

管理層討論及分析

MANAGEMENT DISCUSSION AND ANALYSIS

Acquisitions completed during the year

Yancheng Chunzhu

In August and December 2015, the Group successfully acquired 60% equity interest in Yancheng Chunzhu at a total cash consideration of HKD204,228,000 (equivalent to approximately RMB168 million), making it one of the non-major subsidiaries of the Group. Yancheng Chunzhu is a leading company of aroma raw materials in China and some of its key aroma raw material products hold leading positions globally. Its major customers are renowned international flavour and fragrance companies. To build an integrated platform for aroma raw materials, the Group acquired extra 23.59% shares of Yancheng Chunzhu by way of share swap through the equity restructuring of its wholly-owned subsidiary Guangdong Zhaoqing, and thereby the Group's total interest in Yancheng Chunzhu reached 83.59%. The successful acquisition and reorganization of Yancheng Chunzhu represents not only an important step towards the Group's execution of the strategy "Multi-pronged, Focused Growth", but also a strategic move towards the whole industry value chain in the year. Huabao, by virtue of its leading position in the industry and strong scientific research capability, as well as Yancheng Chunzhu's competitive edges in the related industry, region and supportive resources, will accelerate the strategic development in the aroma raw materials segment and build a leading production base of aroma raw materials in both Asia and the world.

Hongta Blue Eagle

Hongta Blue Eagle is a sino-foreign joint venture mainly engaged in the production of A-Class cigarette paper. Hongta Blue Eagle is the only cigarette paper manufacturer in Yunnan Province, and also the principal cigarette paper supplier under Hongta Group. It has rich experience and advanced technology in related product manufacturing. To execute the Group's "Multi-pronged, Focused Growth" strategy, the Group entered into a share transfer agreement in September 2015 with the second largest shareholder of Hongta Blue Eagle to purchase all of its 25.1% equity interest in Hongta Blue Eagle, for approximately HKD121,342,000 (equivalent to approximately RMB102 million). The share transfer agreement will play an important role in extending the industry value chain and expanding the product lines of the Group, as well as providing a fully integrated solution for the tobacco industry. It will also strengthen the strategic partnership between the Group and the tobacco companies in China.

管理層討論及分析

本年度內完成的收購

鹽城春竹

二零一五年八月和十二月，本集團先後共以現金代價港幣204,228,000元（約人民幣1.68億元）購買鹽城春竹60%股權，令其成為本集團非主要子公司之一。鹽城春竹是國內領先的香原料企業，其若干重要的香原料產品居全球領先地位，主要客戶均為國際知名的香精公司。為構建一體化香原料平台，本集團通過全資子公司廣東肇慶股權重組再以換股形式獲取鹽城春竹之額外23.59%股權，令本集團在鹽城春竹的股份總額達到83.59%。此次成功收購及重組鹽城春竹，是本集團實施「同心多元化」戰略的一個重要舉措，也是集團本年度進行全產業鏈佈局的又一力作。華寶將憑藉自身行業領頭羊地位的優勢及強大的科研實力，依託鹽城春竹的產業及地區等配套優勢，加速香原料板塊佈局，打造亞洲乃至全球領先的香原料生產基地。

紅塔藍鷹

紅塔藍鷹是一家中外合資企業，主要生產A級捲煙紙，是雲南省唯一的捲煙紙生產企業，也是紅塔集團下屬主要捲煙紙供應商，有著豐富的生產經驗和領先的工藝技術。為配合集團「同心多元化」的發展戰略，本集團於二零一五年九月與紅塔藍鷹之第二大股東簽訂了股權轉讓協議，出資約港幣121,342,000元（約人民幣1.02億元）購買其全部共25.1%紅塔藍鷹之股份。此股權轉讓協議的簽訂將對本集團產業鏈的延伸、產品線的豐富及為煙草行業提供全方面一體化的解決方案起到重要作用，同時也將進一步加強和鞏固本集團與中煙公司的戰略合作夥伴關係。

Management Discussion and Analysis

管理層討論及分析

VMR

In December 2015, the Group acquired a 51% equity interest in VMR, a US e-cigarette company, at a total consideration of HKD177,884,000 (equivalent to approximately USD22.95 million). Founded in 2009, VMR is a U.S. company independently engaged in research and development, production and sales of electronic cigarettes (“e-cigarette(s)”), and is one of the largest online retailers of e-cigarettes in the U.S.. It owns flagship brands such as V2, V2Pro, Vapour2, and so on. VMR has strong research and development capability, and is an industry leader in terms of patents and patent applications. The successful acquisition of VMR will positively promote the integration of the Group’s e-cigarette and reflect the Group’s strategy of “Multi-pronged, Focused Growth”. The acquisition is also business conducive to our future development on e-cigarette sales and active expansion in overseas market.

Quotation of shares on the New Third Board – Xiamen Amber

The Group’s subsidiary, Xiamen Amber, was successfully admitted by the National Equities Exchange and Quotation (the “NEEQ”) in August 2015, which marked the entry of the domestic professional fragrance company into the capital market. The quotation of the shares of Xiamen Amber on the NEEQ is a good opportunity for its future development. The Group will integrate all of its quality resources and make concerted efforts to “develop new products and expand into new fields” in line with the business philosophy of “pursuing excellence for continuous operation” in order to build an enterprise with comprehensive competitive edge in fragrance production, to further grow and strengthen Xiamen Amber, and to make “Xiamen Amber” a renowned brand in China, thereby rewarding investors in the future.

VMR

二零一五年十二月，本集團以港幣177,884,000元（約2,295萬美元）的總代價認購了美國電子煙企業VMR51%的股權。VMR始創於2009年，是美國一家獨立從事電子煙研發、生產和銷售的公司，也是美國最大的電子煙網絡零售商之一，旗下擁有V2、V2Pro、Vapour2等電子煙品牌，研發能力強，在專利和專利申請方面行業領先。成功認購VMR，對於本集團電子煙板塊的整合將起到積極作用，同時也體現了本集團「同心多元化」的戰略，對於本集團發展電子煙銷售，拓展海內外市場將起到積極作用。

新三板掛牌 – 廈門琥珀

本集團子公司廈門琥珀於二零一五年八月成功在全國中小企業股份轉讓系統（「新三板」）掛牌，標誌著國內專業的日化香精公司進入資本市場。廈門琥珀的掛牌上市，是公司發展的一個良好契機。本集團將整合各方的優勢資源，秉承「追求卓越，永續經營」的理念，上下同心「開發新產品、拓展新領域」，打造一個具有綜合競爭實力的日用香精企業，進一步做大做強，力爭使「廈門琥珀」成為一個國內知名品牌，以便將來回報投資者。

Management Discussion and Analysis

管理層討論及分析

RESULTS

For the year ended 31 March 2016, sales revenue of the Group decreased by approximately 9.2% year-on-year to approximately HKD3,928 million. Gross profit margin reached approximately 68.9%, representing a slight decrease of 1.0 percentage point over last financial year. EBIT margin reached approximately 44.5%, representing a decrease of 9.1 percentage points over last financial year. Profit attributable to equity holders of the Company was approximately HKD1,450 million, representing a decrease of approximately 27.0% over last financial year. Basic EPS was HK46.69 cents, representing a decrease of approximately 27.1% over last financial year.

BUSINESS REVIEW

Review of flavours business

For the year ended 31 March 2016, sales revenue of the flavours business of the Group amounted to HKD2,725,621,000, representing a decrease of approximately 7.2% from the last financial year. The operating profit of the flavours segment was about HKD1,463,848,000, representing a decrease of 21.0% as compared with approximately HKD1,852,235,000 for the last financial year. The EBIT margin of the flavours segment was approximately 53.7%, representing a decrease of 9.3 percentage points as compared with approximately 63.0% for the last financial year. The EBITDA margin was approximately 57.1%, representing a decrease of approximately 8.5 percentage points as compared with approximately 65.6% for the last financial year. The decline in sales and profits of the tobacco flavours business was primarily due to the impacts of the sluggish macroeconomics, the decrease in production volume of cigarettes and the destocking of raw materials of tobacco industry.

In 2015, the GDP annual growth rate in China was 6.9%, which fell to the record low of twenty-five years. With the slowdown of China's economy, the stepping up efforts to ban or control smoking and the rising awareness of public health, the traditional tobacco industry faced increasing pressure, both production and sales declined simultaneously. According to statistical data, sales volume of cigarettes in 2015 was about 49.79 million cases, representing a decrease of approximately 1.20 million cases or 2.4% as compared with last year; production volume of cigarettes amounted to 51.24 million cases, representing a decrease of 0.46 million cases or 0.9% as compared with last year, and it was the first decline since 2000.

業績

截至二零一六年三月三十一日止年度，本集團實現銷售收入約港幣39.28億元，同比減少約9.2%；毛利率約為68.9%，比上一財政年度稍為下降了約1.0個百分點；EBIT率達約44.5%，比上一財政年度下降了9.1個百分點。本公司權益持有人應佔盈利約為港幣14.50億元，比上一財政年度減少約27.0%。每股基本盈利港幣46.69仙，比上一年度同期減少約27.1%。

業務回顧

食用香精業務回顧

截至二零一六年三月三十一日止年度，本集團食用香精的銷售收入達到了港幣2,725,621,000元，較去年同期減少了約7.2%。食用香精板塊的營運盈利為港幣1,463,848,000元，較上一財政年度的港幣1,852,235,000元減少了約21.0%；EBIT率達約53.7%，較上一財政年度的約63.0%下降了9.3個百分點；EBITDA率達約57.1%，較上一財政年度的約65.6%降低了約8.5個百分點。煙用業務及利潤下滑主要是受到宏觀經濟不景氣，捲煙產量下降及煙草行業原輔料去庫存的影響。

二零一五年，中國全年的GDP增長速度為6.9%，創下二十五年以來的新低，隨著中國經濟增速放緩，國內禁煙、控煙力度的持續加大和公民健康意識的不斷上升，傳統捲煙行業面臨越來越大的壓力，並出現了產銷量同時下降的局面。據統計，二零一五年全年捲煙銷售約4,979萬箱，同比減少約120萬箱，下降2.4%；生產捲煙5,124萬箱，同比下降約46萬箱，下降0.9%，這是自2000年以來的首次下降。

Management Discussion and Analysis

管理層討論及分析

The performance of the tobacco industry in the first quarter of 2016 was not optimistic either. The production volume of cigarettes in the PRC amounted to approximately 12.36 million cases, representing a decrease of 0.95 million cases or 7.1% as compared with the corresponding period last year. The sales volume of cigarettes in the PRC amounted to 13.23 million cases, representing a decrease of 0.97 million cases or 6.8% as compared with the corresponding period last year. In particular, the production and sales volume of major brands decreased by 4.0 and by 2.2 percentage points respectively, which almost offset all the benefits from tax hike and price rise. The total industrial and commercial profits tax also fell sharply. The realized profit tax was RMB342.3 billion, representing a decrease of RMB26.0 billion or 7.1% as compared with the corresponding period last year, and total industry profit tax decreased by 13.3%. On the other hand, the inventories of cigarettes remained high. As of the end of March 2016, total industrial and commercial inventories of the cigarettes were 5.85 million cases, representing an increase of 1.55 million cases or 36.0% as compared with the corresponding period last year. (source: China Tobacco)

Due to the severe situation of declining in both production and sales and high inventory level in the tobacco industry, the traditional business model became inadequate. The Group has been taking appropriate measures to provide a package solution by using the systematic solution approach and the whole cigarette design approach. In addition, the Group has been working on transforming itself from a traditional manufacturer into a systematic service provider, enlarging growth points and enhancing business structure. At the same time, the Group has strengthened strategic partnership with tobacco companies, and made efforts to upgrade its technology, service and business structure and to expand its business scope.

During the reporting period, the tobacco flavours business received a number of honors and awards. In the 2015 outstanding enterprises annual assessment activities of Jiading District, Shanghai, Huabao Food Flavours & Fragrances (Shanghai) Company Limited won the “2015 Integrated Strength Silver Award (Advanced Manufacturing) of Jiading District, Shanghai” and the “Integrated Strength Gold Award (Advanced Manufacturing) of Jiading Industrial Zone”; Shanghai Huabao Biological Technology Co., Ltd. won the 2015 annual honorary title of “Little Giant Enterprise of Jiading District, Shanghai” and “Technology Innovation Award” in the assessment activities of Jiading District and Jiading Industrial Zone. The numerous awards are the recognition from Jiading District Government and the Management Committee of Jiading Industrial Zone for the achievements of the Group in business management, company strength, technological innovation and other aspects, and give great impetus for the Group to further accelerate its business development in the future.

二零一六年一季度煙草行業的經濟運行情況更是不容樂觀，一季度全國捲煙工業產量約1,236萬箱，同比減少約95萬箱，降幅達7.1%；捲煙商業銷量約1,323萬箱，同比減少97萬箱，降幅達6.8%。其中重點品牌產量、銷量同比分別下降4.0和2.2個百分點，基本沖銷了提稅順價的「紅利」。工商稅利總額也大幅下滑，全行業實現稅利總額人民幣3,423億元，同比減少人民幣260億元，下降7.1%，其中工業利稅同比下降13.3%。另一方面，捲煙庫存高居不下。截止到二零一六年三月末，捲煙工商庫存585萬箱，同比增加155萬箱，增加36.0%。(以上資料來源：《中國煙草》)

面對煙草行業產銷雙降，庫存高居不下的嚴峻形勢，傳統的業務模式受到挑戰，本集團正積極採取相應的對策，從系統解決和整煙設計的角度，提供一攬子解決方案；並努力從傳統的製造業向系統服務商轉型，擴大經濟增長點，提升業務結構，同時加強與煙草企業的戰略合作夥伴關係，努力做到技術升級、服務升級、業務結構提升和業務範圍擴展。

報告期內，煙用香精業務獲得了多項榮譽和獎項。在上海嘉定區2015年度優秀活動評比中，本集團華寶食用香精香料(上海)有限公司榮獲「上海嘉定區2015年度綜合實力獎(先進製造業)銀獎」、「嘉定工業區綜合實力獎(先進製造業)金獎」；上海華寶生物科技有限公司榮獲2015年度「上海嘉定區小巨人企業榮譽稱號」，同時在嘉定區及嘉定工業區的評選中獲得「科技創新獎」。以上諸多殊榮的獲得，既是嘉定區政府、嘉定工業區管委會對本集團在經營管理、公司實力、科技創新等各方面所取得成績的認可，也是對本集團未來進一步加快發展的巨大鼓舞。

Management Discussion and Analysis

管理層討論及分析



Multiple honors and awards received by tobacco flavours business
煙用香精業務獲得的多項榮譽和獎項

For food and beverage business, as China's economy generally entered into the "new normal", the food industry has been slowing down for five consecutive years and profit margins continued to decline. Due to the increasing competition and rising operating costs, the food industry in China is suffering from being squeezed by "rising costs" and "falling prices", which resulted in the declines in both revenue and profit. Meanwhile, with fundamental changes in domestic supply and demand condition and continuing upgrades of domestic food consumption, the proportion of expenditure on general commodities and basic necessities is going down gradually, while the proportion of expenditure on quality life and lifestyle is increasing yearly. In addition, the rise of e-commerce enables more food brands to achieve the retail transformation from offline to online and the online platform has accordingly become the fastest growing distribution channel.

Facing with such complex operating environment, the Group further optimized its customer base by adhering to the development strategy of "Big Customers, Big Brands" and achieved satisfactory results. During the financial year, in addition to keeping the relationship with existing large customers, Huabao Kongque has also actively developed new domestic and overseas customers, and has introduced new products, based on the original flavours, which are catered to market needs and adapted to the new trend, including characteristic flavours, special creams and enzyme flavours. These new products received good feedbacks from new and old customers. In April 2015, Huabao Kongque was honored as the "Outstanding Contributions Enterprise" and the "Outstanding Contributions Enterprise in Roasted Nuts Industry of China 2005-2015" by The Specialized Committee for Nuts and Roasted Seeds of China National Food Industry Association. In following April, Huabao Kongque again won the title of "2015 top 20 Quality Service Suppliers for Nuts and Roasted foods industry (flavours)".

食品飲料方面，隨著中國經濟整體步入新常態，食品工業已連續五年換擋降速，利潤率持續下跌。由於企業競爭不斷加劇以及經營成本不斷上升，中國食品產業正遭受「成本上升」和「價格下降」的雙重擠壓，行業收入和利潤雙雙下滑。同時，隨著國內供需狀況發生根本改變以及國內食品消費不斷升級，一般性、溫飽型的支出比例在逐漸減少，體現生活品質和生活方式的消費支出比例則在逐年增加。且電子商務的崛起讓越來越多的食品品牌正逐漸實現商品零售由線下到線上的轉型，線上平台已成為發展速度最快的分銷渠道。

面對複雜的經營環境，本集團依託「大客戶，大品牌」的發展策略，進一步優化客戶群體，在業務上取得了一定的成績。本財政年度內，華寶孔雀除了穩固現有的大型客戶，還積極拓展海內外新客戶，並在原有香精基礎上，推出迎合市場，順應新潮流的新產品，包括特色香精、特種油脂及酵素香精等，贏得了新老客戶的一致好評。二零一五年四月，華寶孔雀榮獲由中國食品工業協會堅果炒貨專業委員會頒發的「突出貢獻企業」和「2005-2015中國堅果炒貨行業突出貢獻企業」兩項殊榮，並於次年四月，再次榮獲「2015年度為全國堅果炒貨企業提供優質服務20大企業稱號（香精）」。

Management Discussion and Analysis

管理層討論及分析



"2015 Top 20 Quality Services Suppliers for Nuts and Roasted Food Industry (flavours)"
「2015年度全國堅果炒貨企業提供優質服務20大企業稱號(香精)」



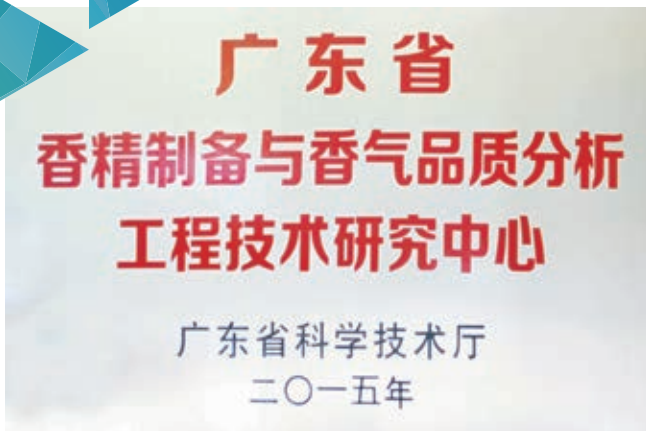
"Outstanding Contributions Enterprise in Roast Nuts Industry of China 2005-2015"
「2005-2015中國堅果炒貨行業突出貢獻企業」證書

The customers of Guangzhou Huabao still mainly consist of local snack food companies, and the business growth is mainly driven by the major products of large customers. The big customers from traditional meat industry are stable, which have high brand recognition and are in a rising trend. The sales to baking food industry are mainly in dealer distribution model. In the future, the company will continue to support the transformation of products to large customers towards health concept and the optimization of old products so as to increase the competitive edge. At the same time, Guangzhou Huabao will actively develop the catering market with the brand "hanfang" and focus on the development of fresh condiments. Seasoning bag has become a successful case for Guangzhou Huabao to enter the fresh food production enterprises. Going forward, Guangzhou Huabao will continue to develop its business in the catering market and condiment market. In particular, by combining plant extract products with seasoning technology, Guangzhou Huabao seeks to improve product value and satisfy customers' needs for delicious, convenient and fast foods. In October 2015, Guangzhou Huabao was awarded two honorary titles by Guangdong Province, namely the "High-tech Enterprises of Guangdong Province" and "Engineering Technology Research Center of Guangdong Province".

廣州華寶的客戶仍然以本土的休閒食品企業為主，增長也主要來源於大客戶的重點產品增長。傳統肉製品行業的大客戶穩定，品牌知名度高且呈增長狀態，烘焙行業目前主要以經銷商模式銷售。未來將繼續推動大客戶產品的健康化轉型，優化老產品，增加競爭力。同時，積極以「漢方」品牌開拓餐飲市場，重點發展生鮮類調味品。調味醬包已成為廣州華寶進入生鮮類生產型企業的成功案例，將來會繼續向餐飲市場及調味品市場發展，利用植物提取類產品結合調味技術，提升產品價值，解決客戶需求的美味、便利和快捷。二零一五年十月，廣州華寶被廣東省授予「廣東省高新技術企業」和「廣東省工程技術研究中心」兩項榮譽稱號。

Management Discussion and Analysis

管理層討論及分析



“Flavour Preparation and Aroma Quality Analysis Engineering Technology Research Centre of Guangdong Province”
「廣東省香精製備與香氣品質分析工程技術研究中心」



“High-tech Enterprise” of Guangdong Province
廣東省「高新企業證書」

In October 2015, the Chinese government has officially implemented the most stringent food safety law in history, which imposed stricter requirements on food safety management. The state has also proposed clearly to establish a food safety trace-back system, to put in place the most stringent regulatory system, the most extreme punishment and the tightest accountability. The Group will take food safety as the starting point and strengthen raw material supply management, raw materials trace-back management and manufacturing process management while strengthening the maintenance of infrastructures and manufacturing facilities of our plants and proactively identifying food safety risks associated with raw materials and production process.

Under the traditional sales model, food enterprises are generally subject to geographical restrictions. However, the rise and development of the Internet offer broader market space to food enterprises, and the mobile Internet even creates a “borderless” market, allowing the food segment to operate at lower cost and higher efficiency. In November 2015, the Group’s Kongque B2B Mall (<http://www.kqfine.com>) was officially launched, marking an important step for the Group’s “Internet + traditional industries”. Currently, the online orders in the mall are mainly from computer terminals, supplemented by mobile phone APPs. By taking full advantage of Internet technology, the Group has realized one stop logistics services in a high efficient and fast way, including self-order, internal audit, production, and delivery. From customer feedbacks on preliminary visits and user experiences are encouraging. Looking forward, the mall will develop a platform for food additives and build a one-stop purchasing platform for food additives. Furthermore, the mall will drive website traffic, promote platform services and create new growth points through the set-up of certain online modules including industry news and new product updates.

二零一五年十月起中國政府正式實施的史上最嚴食品安全法，對食品安全管理提出了更高的要求，國家也明確提出要建立食品安全追溯制度，力求做到最嚴厲的監管制度，最嚴格的處罰和最嚴肅的問責。本集團將以食品安全為第一出發點，加強原料供應管理、原料溯源管理，生產過程管理，同時加強工廠基礎設施和生產設備的維護保養，主動識別原料和生產過程中的風險。

在傳統銷售模式下，食品企業通常會受到地域限制，但互聯網的興起和發展為食品企業帶來了更加廣闊的市場空間，移動互聯網更是創造了「無邊界」的市場，帶動食品板塊低成本、高效率地經營。二零一五年十一月，本集團的孔雀B2B商城 (<http://www.kqfine.com>)正式上線推廣，意味著本集團邁出「互聯網+傳統行業」的重要一步。目前商城主要以電腦端下單為主，手機APP下單為輔，充分利用互聯網技術高效、快速地實現自主下單、審核、生產、發貨、物流一條龍服務。經過前期的客戶使用體驗，反響良好。今後商城會向食品添加劑平台發展，打造食品添加劑中的一站式採購平台，並通過行業資訊、新產品動態等相關模組的開發，帶動網站流量，提高平台推廣度，增加新的增長點。

Management Discussion and Analysis

管理層討論及分析

Review of RTL business

For the year ended 31 March 2016, sales revenue of the RTL business of the Group reached HKD698,250,000, representing a decrease of approximately 26.2% from the last financial year. Operating profit of the segment was approximately HKD229,729,000, representing a decrease of 45.0% as compared with HKD417,891,000 for the last financial year. EBIT margin reached approximately 32.9%, representing a decrease of 11.3 percentage points as compared with approximately 44.2% of the last financial year. The decrease in sales revenue of the RTL segment was mainly due to the following reasons: firstly, new RTL capacities have been emerging from areas such as Jiangsu, Yunnan, and Anhui, which had changed the industry landscape; secondly, as the inventory of tobacco companies remained at relatively high levels, under the policy of “accelerate inventory turnover and effectively reduce raw material levels” from the State Tobacco Monopoly Administration, the purchase volume of RTL had been affected to a certain extent.

In response to the adverse factors of high inventories of tobacco leaves and the intensifying competition in RTL industry, the Group adopted certain measures to ensure healthy and stable development of the RTL business while it made efforts to improve the RTL product qualities. On one hand, the Group tried to improve features of RTL products and produce RTL products with different features according to various cigarette brands; on the other hand, the Group tried to improve the functionality for RTL products, while improving cigarette taste and reducing the tar and harm.

Review for aroma raw materials business

The aroma raw materials segment is a newly established segment which mainly includes the business of Guangdong Zhaoqing and the newly purchased Yancheng Chunzhu. For the year ended 31 March 2016, sales revenue of the aroma raw materials segment reached HKD347,565,000, representing an increase of approximately 28.3% from the last financial year. Operating profit of the segment reached HKD57,327,000, representing an increase of 24.8% from the last financial year. The increase of the sales revenue and operation profit of this segment are mainly due to the completion of acquisition of Yancheng Chunzhu in December 2015, whose performance began to be consolidated in the annual results.

煙草薄片業務回顧

截至二零一六年三月三十一日止年度，本集團煙草薄片的銷售收入達到了港幣698,250,000元，較上一個財政年度減少了約26.2%。板塊營運盈利為港幣229,729,000元，較上一年度的港幣417,891,000元下降了45.0%；板塊營運盈利率達約32.9%，較上一財政年度的44.2%下降了11.3個百分點。煙草薄片銷售收入的減少主要是由於以下原因：首先，江蘇、雲南、安徽等地薄片產能的陸續釋放，導致行業競爭格局正在發生改變；其次，煙草企業庫存普遍維持在較高水準，在國家煙草專賣局「盤活庫存，有效降低原料庫存」的宣導下，煙草企業今年的採購量受到一定程度的影響。

為應對煙葉庫存高企的不利因素和薄片行業日趨激烈的競爭格局，本集團在努力提高產品品質的同時，採取了若干措施以確保薄片業務健康穩定的發展。一方面增強薄片產品的特色，根據不同捲煙品牌的特點生產有特色的薄片，另一方面努力提高薄片產品的功能性，在降焦減害的同時，增香保潤，提高口感。

香原料業務回顧

香原料板塊是本集團新成立的板塊，主要包括廣東肇慶和新收購的鹽城春竹。截至二零一六年三月三十一日止年度，本集團香原料板塊銷售收入達到港幣347,565,000元，較上一個財政年度上升了28.3%，板塊營運盈利達約港幣57,327,000元，較上一個財政年度增加了約24.8%，板塊銷售收入和營運能力上升主要是因為在二零一五年十二月完成了收購鹽城春竹並開始納入其業績。

Management Discussion and Analysis

管理層討論及分析

Established in 1986, Yancheng Chunzhu is one of the leading aroma raw materials enterprises in China with a history of more than 20 years and specializes in manufacturing of natural and synthetic aroma. Yancheng Chunzhu is a pacesetter in aroma industry in China, and a high-tech company of Jiangsu Province. It is also one of the earliest aroma enterprises in China being granted KOF-K certification and ISO9000 certification, and most of its customers are internationally-renowned flavour and fragrance companies. Yancheng Chunzhu is one of the leading manufacturer of aroma raw materials in China with operation strength, advanced facilities and sophisticated production technologies. It maintains a group of experienced engineers who lead a professional technical team to consistently develop new products. Products of “Chunzhu” brand not only are sold throughout the China market, but also are popular in Europe, North America and Latin America, and through this brand, the company has built up long-term business relationship with customers in the U.S., France, Germany, India and Russia and so on.

鹽城春竹是國內領先的香原料企業之一，成立於1986年，至今已有20餘年的發展歷史，專業生產天然香料和合成香料，是中國香料行業的領跑者，也是江蘇省高新技術企業，同時還是國內香料企業最早通過美國猶太人KOF-K認證和ISO9000認證企業之一，主要客戶為國際知名的香精公司。鹽城春竹是中國香料生產的龍頭企業之一，擁有雄厚的實力，先進的設備儀器和成熟的生產技術，以一批資深的高級工程師為核心，帶領一批專業的技術隊伍，不斷開發新產品。「春竹」品牌產品不單行銷中國各地市場，也廣泛應用於歐洲、北美和拉美市場，並已先後與美國、法國、德國、印度、俄羅斯等國家建立了長期業務往來。



“Jiangsu Famous Trademark”
「江蘇省著名商標」



“High-tech Enterprise” of Yancheng
鹽城「高新技術企業證書」

The successful acquisition of Yancheng Chunzhu marked an important step to carry out the Group’s “Multi-pronged, Focused Growth” strategy and represented a major achievement in building up a complete industry value chain, and had a positive effect on the establishment and expansion of the aroma raw materials segment. Leveraging its advantageous position as an industry leader as well as its superior R&D capacity, Huabao is establishing a leading production base of aroma raw materials in Asia and even in the world by capitalizing on Yancheng Chunzhu’s industrial and regional advantages.

此次成功收購鹽城春竹，是本集團實施「同心多元化」戰略的一個重要舉措，也是集團本年度進行全產業鏈佈局的又一力作，對香原料板塊的建立和佈局起到了積極作用。華寶將憑藉自身行業領頭羊地位的優勢及強大的科研實力，依託鹽城春竹的產業及地區等配套優勢，打造亞洲乃至全球領先的香原料生產基地。

Management Discussion and Analysis

管理層討論及分析

Guangdong Zhaoqing made efforts in the synthetic aroma technologies, which not only improved the products qualities but also effectively controlled the products costs. On one hand, Guangdong Zhaoqing adhered to its collaboration strategy of “Big Customers, Big Brands” and actively developed its pool of big customers. It strived to secure full-year orders from the capable groups by utilizing flexible pricing policy and maintaining good customer relationship; on the other hand, it sought opportunities for market breakthroughs, cooperated with prestigious flavour companies and put more efforts in brand promotion, and formed a sound channel marketing network which included capital cities as the core and spread out to tier-2 and 3 cities. During the reporting period, Guangdong Zhaoqing’s sales to its major clients increased by 29.7% as compared with the last financial year. Export sales increased by 21.4% as compared with the last financial year, which was benefited from the increase in the number of end users in the market of Southeast Asia and Japan where more orders were generated. At the same time, the e-commerce platform is moving forward satisfactorily. In November 2015, the e-shop in Taobao upgraded to enterprise store, which enhanced customers’ confidence. Last year the annual turnover amount was over RMB300,000, which represented an increase of 103% as compared with the last financial year. In September 2015, the “Research on Clean Production Process for Ethyl Maltol” of Guangdong Zhaoqing was recognized as Technology Plan Project by the city of Zhaoqing, with a technology contract being signed in the following month; and in October 2015, it was granted the certification for a high-tech enterprise.

Review of fragrances business

For the year ended 31 March 2016, the sales revenue of the fragrances business of the Group amounted to HKD82,031,000, representing a decrease of approximately 3.5% from the last financial year. Operating profit of the segment amounted to approximately HKD7,237,000, representing a decrease of approximately 32.1% as compared with HKD10,654,000 for the last financial year, mainly due to the quotation of Xiamen Amber’s shares on China’s NEEQ, which resulted in a significant increase in the professional and intermediary fees and a drop in operating profits.

廣東肇慶在香原料合成技術方面積極努力，不僅產品品質得到提升，產品成本也得到有效控制。其一方面積極拓展大客戶，利用靈活的價格措施和良好的客戶關係，對有實力的集團爭取年度全額訂單。另一方面，尋找市場突破口，與知名香精公司相互合作，加大品牌宣傳力度，以省會城市為中心，向二、三線城市輻射，形成完善的渠道行銷網路。報告期內廣東肇慶的大客戶銷售同比增長29.7%。出口方面同比增長21.4%，得益於東南亞和日本市場終端客戶用量上升，訂單增多。同時，電子商務平台發展向好，二零一五年十一月淘寶店全面升級為企業店鋪，消費者信心增加。去年全年成交金額達30多萬，同比增加103%。於二零一五年九月，廣東肇慶之「乙基麥芽酚清潔生產工藝的研究」專案列入了肇慶市科技計畫專案，並於次月簽訂科技合同；十月通過了高新技術企業認定。

日用香精業務回顧

截至二零一六年三月三十一日止年度，本集團日用香精的銷售收入約港幣82,031,000元，較上一個財政年度減少約3.5%。日用香精的板塊營運盈利為港幣7,237,000元，較上一年度的港幣10,654,000元下降了32.1%，主要是由於廈門琥珀在新三板掛牌上市，專業及仲介費用同比大幅上升導致營運盈利下降。

Management Discussion and Analysis

管理層討論及分析

In recent years, with the introduction of a series of policies designed to stimulate domestic demand by the Chinese government, some three- or four- tier cities and the vast rural market have become the main battlefield of fragrance industry. As the increase of the disposable income of urban and rural residents, the consumption of daily chemical products in China has also been increasing year after year. However, sales of traditional black mosquito coils and aerosol insecticides have been shrinking over the years and the products have been replaced by clean and convenient liquid electrical mosquito repellants and flavours-free odorless liquid mosquito repellants. Considering its large market share in the field of incense and disinfection, in the unfavorable market environment, Xiamen Amber, had to make structural adjustments, through its technical advantages and influences in the market segment, stable product qualities and excellent services, to continue to play a leading role.

As to the product sales structure, the sales proportion of incense and disinfection fragrances decreased by around 2.2% in the year while the sales proportion of detergent fragrances increased by 4.3%, reflecting that the company's effort on restructuring the product mix has gained positive results. As analyzed by product category, the sales of detergent fragrances recorded a significant growth of 11.5% as compared with last year, and the sales of incense and disinfection fragrances basically stabilized after experiencing a sharp decline in previous years. At the same time, Xiamen Amber stepped up its efforts on product research & development, technical services and marketing development for small and medium-sized detergent and soap enterprises. As a result, sales of detergent and soap fragrances climbed up to about 29.5% and its proportion in total sales revenue increased by nearly 5 percentage points. The export business was still concentrated on incense and disinfection fragrances and products were mainly sold to Indonesia, Thailand, Vietnam and other Southeast Asian countries.

In August 2015, Xiamen Amber was successfully admitted by the NEEQ. Immediately following the quotation of the company's shares, the Group continued to hold 51% equity interests in Xiamen Amber. The quotation will enable the Group to capitalize the value of its existing investment in Xiamen Amber, to provide independent fund-raising platforms for Xiamen Amber for its operation and future expansion, and to provide a mechanism to attract and motivate the managements of Xiamen Amber to be responsible for the operating and financial performance of Xiamen Amber independently.

During the reporting period, Xiamen Amber was assessed as a 2014 annual major taxpayer and the fragrance brand name "Amber" were recognized as "Xiamen Quality Brand" by the Xiamen Municipal Government. In October of the same year, Xiamen Amber was again awarded the High-Tech Enterprise Status.

近年來，隨著中國政府一系列刺激內需政策的出台，部分三、四線市場及廣大農村成了日化行業的主戰場。隨著城鎮居民和農村居民可支配收入的增加，中國日化用品消費也在逐年增加，但傳統的黑蚊香和氣霧殺蟲劑已逐年萎縮，取而代之的是乾淨、方便的電液體蚊香，和不加香的無味型液體蚊香。由於廈門琥珀在熏香和消殺領域佔有較大市場份額，在不利的市場環境中，廈門琥珀唯有做出結構調整，通過發揮其在細分市場的技術優勢和影響力、穩定的產品品質和優質的服務繼續扮演領頭羊的角色。

從產品銷售結構來看，本年度熏香消殺類香精所佔比重降低了約2.2%，洗滌用品類香精銷售比重提高了4.3%，公司產品結構調整取得了一定成效；從產品大類來分析，洗滌類香精比上年同期增長了11.5%，增速明顯，熏香消殺類基本遏制了以前年度快速下降的趨勢，趨於穩定。同時，廈門琥珀加大了針對中小洗滌皂用企業產品研發、技術服務和市場開拓力度，使洗滌皂用香精增長達到29.5%以上，銷售比重增加了近5個百分點。出口業務仍然以熏香消殺類為主，產品主要銷往印尼、泰國、越南等東南亞國家。

二零一五年八月，廈門琥珀於全國股份轉讓系統成功掛牌，掛牌之後，本集團繼續持有廈門琥珀51%股權。掛牌將有助本集團於廈門琥珀之現有投資價值得以資本化，為廈門琥珀之營運及日後擴展提供獨立資本平台，並提供機制以吸引並激勵廈門琥珀的管理層獨立負責其營運及財務表現。

報告期內，廈門琥珀被廈門市評為2014年度納稅大戶；「琥珀牌」香精被廈門市人民政府認定為「廈門優質品牌」；同年十月，廈門琥珀再次被認定為高新技術企業。

Management Discussion and Analysis

管理層討論及分析



“Xiamen High-Quality Brand”
「廈門優質品牌」



“High-Tech Enterprise” of Xiamen
廈門「高新技術企業」

Review of new materials business

For the year ended 31 March 2016, the Group's revenue from sales of new materials amounted to HKD74,750,000, representing a decrease of approximately 13.9% as compared with the last financial year. The operating profit of the segment was approximately HKD13,580,000, the EBIT ratio was approximately 18.2%, representing an increase of 0.6 percentage point as compared with approximately 17.6% for the last financial year. The significant drop in revenue from the sales of new materials was mainly due to the decline in the sales volume in tobacco industry.

Although the tobacco new materials are still under development, with the continuous launching of new cigarette products, customers' demands on cigarette materials increased dramatically. During the reporting period, the Group has made some progress in the combination of dry-pressed RTLs and filters, the sales of particle stems have been stabilizing, and made some breakthroughs in business. The Group planned to work with tobacco new materials companies to build a filter production platform. In the future, the Group will continue to improve its technology of the platform and technical team, diversify product lines, and build up technology system and technical edges. At the same time, the group will focus on key products promotion, build business foundation, and combine the development of whole cigarette design and packaged solutions together with corporate transformation.

新材料業務回顧

截至二零一六年三月三十一日止年度，本集團新材料的銷售收入達到了港幣74,750,000元，較上一個財政年度減少了約13.9%。板塊營運盈利達港幣13,580,000元，板塊營運盈利率達約18.2%，較上一財政年度的17.6%上升了0.6個百分點。新材料銷售收入的減少主要是由於煙草行業銷量下降所致。

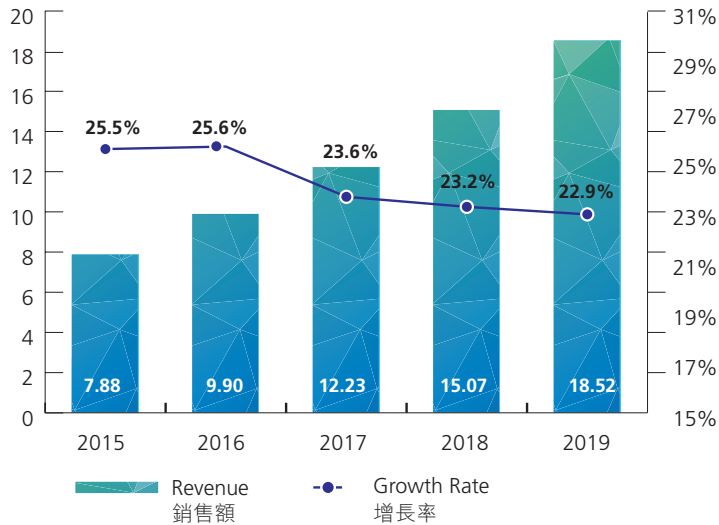
捲煙新材料方面目前仍處於發展期，但隨著捲煙新產品的不斷推出，客戶對捲煙材料的需求明顯增加。報告期內，本集團在幹法薄片在與濾棒結合上取得一定進展，梗顆粒銷售趨於穩定，業務方面取得一定的突破。本集團計劃與煙草新材料公司合作建設濾棒生產平台。未來本集團將會繼續完善技術平台和隊伍，豐富產品線，建立技術體系和技術優勢；同時重點推進重點產品，形成業務基礎，並將整煙設計和一攬子解決方案與企業轉型聯動發展。

Management Discussion and Analysis

管理層討論及分析

Global E-cigarette Market 2015-2019 (USD billion)

全球電子煙市場2015-2019 (十億美元)



(Source: TechNavio: 2015-2019 Global E-cigarette Market)

「資料來源：TechNavio《2015-2019全球電子煙市場》

The latest development of new tobacco products

The global e-cigarette market experienced rapid growth over the past five years, and it's expected that the compound annual growth rate could reach 31% till 2019. The U.S. and Europe remained the major markets for e-cigarettes, while Japan, South Korea and some Southeast Asian countries are emerging e-cigarette markets. The e-cigarette market in China has great potential while the current size of the market is still limited. As the world's largest suppliers of e-cigarette products, 80% of the e-cigarettes in the U.S. are made in China. The Chinese enterprises, with a complete industrial value chain and grasp of existing technology of smoking devices, batteries and foggers, have inherent industrial experience and cost advantages to develop e-cigarette business.

In December 2015, the Group acquired 51% equity interests in VMR, America's leading e-cigarette manufacturer, at a consideration of HKD177,884,000 (about USD22.95 million). VMR is a U.S. company independently engaged in e-cigarette design, production and sales and owns its own flagship brands such as V2, V2Pro, Vapour2 and so on. It employs a vertically integrated business model which manages the entire production cycle to ensure high commitment of quality control and customer services. The partnership with SPV will have positive impact on VMR's development of new fogging technologies and penetration into the Asian market, especially China market (including Hong Kong, Taiwan). VMR's online and offline network, innovative and independent research and development capability, together with Huabao's capital accumulation and the big platform concept of SPV, have built a solid foundation for the establishment of e-cigarette segment.

新型煙草製品的最新發展

全球電子煙市場過去五年呈飛躍式發展，預計至2019年，年複合增長率可達31%。美國、歐洲仍然是電子煙的主要消費市場，日本、韓國及部分東南亞國家是新興電子煙消費市場。其中，中國電子煙市場潛力巨大，但目前市場規模仍然有限。作為全球電子煙產品的最大供應國，美國市場80%的電子煙為中國製造。憑藉完整的產業鏈和掌握現有煙具、電池、起霧器等技術，中國企業發展電子煙業務具有產業經驗和成本上的先天優勢。

二零一五年十二月，本集團以港幣177,884,000元（約2,295萬美元）的總代價認購了美國電子煙企業VMR51%股權。VMR是美國一家獨立從事電子煙設計、生產和銷售的公司，旗下擁有V2, V2Pro, Vapour2等電子煙品牌。其採用垂直整合商業模式管理整個生產週期，有效確保了嚴格的品質控制及良好的客戶服務。與SPV的聯姻，對於VMR發展新的霧化技術，開拓亞洲尤其是中國市場（包括香港、台灣）將起到積極作用。VMR強大的線上線下網絡，創新自主的研發能力，連同華寶不斷增長的資本積累和SPV的大平台概念，為電子煙板塊的建立奠定了堅實基礎。

Management Discussion and Analysis 管理層討論及分析

After the successful acquisition of VMR, SPV will continue to undergo its industry integration and brand upgrade, from previous product brand to a channel brand, and explore its online and offline sales. SPV established a PV (Professional Vapor) testing centre in 2015, aiming to urge the manufacturers to improve their products quality and service quality through evaluation, so as to provide end-users with better consumer experience and establish an e-cigarette credit system. The PV testing centre focuses on testing of products' safety and performance as well as providing professional training and other related technical services. Integrated with the international frontier, the PV testing centre will strive to make the testing results be accepted by distributors, be recognised by manufacturers and be trusted by consumers.

In June 2015, SPV successfully launched New Product Release Conference in Shanghai for its SPV Refresher 2.0. Besides the noctilucent series and high-end series, there were customized celebrity models. At the same time when SPV worked on the brand building, it continued the promotion work on both domestic and overseas markets. SPV, besides continued sponsorship on the 2015 Storm Music Festival held in Shanghai and Shenzhen, and sponsored the China E-Sports Premier League (CPEL) and the CIG League, securing the title sponsorship of the competition; meanwhile, it gained popularity through recommendations by the Internet celebrities, such as micro-blog VIPs and live show hosts and hostesses. In international market, SPV was invited to the third VapExpo-Paris, and attended the Global Tobacco Networking Forum (GTNF) in Italy, where it won the "2015 Golden Leaf Awards for the Best New Tobacco Company"; in October, SPV, as the first Chinese enterprise being invited, attended the first meeting with FDA in Washington, D.C., U.S. to discuss how to set up new international standards on new tobacco, and joined the VTA E-cigarette Technology Association.

成功收購VMR之後，SPV將進一步實現產業整合和品牌升級，從之前的產品品牌升級成為一個渠道品牌，同時佈局線上線下銷售。二零一五年SPV建立了PV (Professional Vapor)測評中心，通過測評方式促進產品製造商提高產品品質和服務品質，讓終端消費者獲得更高的消費體驗，並同時建立電子煙市場誠信體系。PV測評中心專注於產品安全與性能的測評，同時可提供專業培訓等相關技術服務；與國際前沿接軌，力爭測評結果為渠道商採信、製造商認可、和消費者放心。

二零一五年六月，SPV提神筒於上海召開2.0新品發佈會。發佈會上除了夜光系列、高端系列外，還有專為大會準備的名人訂製款。在積極努力做好品牌建設的同時，SPV繼續做好品牌宣傳和市場推廣工作。除了贊助二零一五年上海及深圳舉辦的風暴電音節，還贊助了電競創聯賽及CIG聯賽，且取得活動的冠名權；同時通過微博大V及直播平台主播等眾多知名網紅全方位火熱推薦SPV。國際方面，SPV獲邀參加第三屆巴黎VapExpo及在意大利召開的的全球尼古丁及煙草大會(GTNF)，並獲得「2015最佳新晉新型煙草企業金葉獎」；同年十月，作為第一家受邀的中國企業，SPV參加了在美國華盛頓舉行的首屆與美國FDA討論訂立新型煙草國際化標準的會議，並同時加入了VTA電子煙技術協會。



2015 Global Tobacco Networking Forum (GTNF)
2015全球尼古丁及煙草大會



Management Discussion and Analysis

管理層討論及分析

Through brand building, SPV started to build online and offline channels. For online channels, in addition to the Tmall flagship store, SPV actively connected with jd.com and vip.com and opened online stores in Wechat, expanding online sales at the mobile end. And JD included SPV as a strategic customer in the e-cigarette catalog and provided supports in data flow, JingDong self-operating and other promotional activities. Through the joint operations with the e-commerce companies, SPV has turned from the original agent model to the distributor model. For offline channels, SPV improved its reputation mainly through offline experience and event sponsorship. During the reporting period, SPV entered into a strategic partnership with Sanpower Group, and made appearance in Brookstone on the opening day of its Nanjing flagship store. Meanwhile, SPV entered into strategic cooperation with PVGO, China's first venture professional capability developing platform for university students, and rolled out promotional activities in universities.

Financial investment, industry investment & incubation business (in progress)

2015 was the year of the Group for its gradual implementation of transformation after thoughtful consideration. During that period, the economy of China was also in the process of a transformation, the tobacco industry and consumer goods industry faced challenges. Based on the principle of prudence, relied on the strong financial support of the Group, the Group took successful experiences and lessons learned from the transformation of other non-state owned companies and took the recommendations from external consultants and professional advisors. The Group's financial investment, industrial investment and innovation and incubation businesses are developing steadily.

In terms of high-tech investments, the Group invested in the Singulariteam VC Fund from Tel Aviv, Israel and the BAT Angel Fund in Beijing, China. The Singulariteam Fund mainly provides funds, incubation coaching and specialized management services for new technology companies with revolutionary technologies in Israel; while BAT Fund is an Angel Fund focusing on the area of Technology, Media and Telecom (TMT). Both funds rendered brilliant results during the reporting period, and various projects entered the second round of financing or further. According to Israel's latest research report, Singulariteam Fund, as a medium size fund, had 12 investment projects surpassing the other venture capital funds in 2015, and was honoured with the "Best New Venture Capital Award" by Israel's Venture Capital Research Centre.

通過品牌推廣，SPV已開始著手建立線上線下管道。線上管道，除了開設天貓旗艦店，還積極與京東、唯品會等建立聯繫，在微信開設了微商城，拓展移動端電子銷售。其中京東已將SPV列入電子煙一類戰略客戶，給與流量、京東自營、活動等支持。通過與電商公司聯合運營，SPV已將原來的代運營模式轉變為經銷商模式。線下渠道主要是通過線下體驗、活動贊助等一系列形勢擴大SPV知名度。報告期內SPV與宏圖三胞建立了戰略合作關係，並利用美國Brookstone南京旗艦店開業的首日，實力進駐Brookstone。同時，SPV還與中國首個大學生創業職業能力養成平台PVGO建立了戰略合作關係，積極向高校推廣。

金融投資、產業投資和創新孵化業務（組建中）

二零一五年是本集團轉型發展深思熟慮後逐步行動的一年，又恰逢中國經濟轉型，煙草行業、消費品行業發展面臨挑戰。本着謹慎的原則，憑藉集團雄厚經濟實力支持支撐，借鑒其它中國民營企業轉型的經驗和教訓，充分聽取外腦和專業顧問的建議，集團在金融投資、產業投資和創新孵化方面正在穩步發展中。

在高科技投資方面，本集團已投資了以色列特拉維夫的奇點風投基金（「奇點基金」）及中國北京的蝙蝠天使基金（「蝙蝠基金」）。奇點基金主要是為在以色列擁有革命性創新技術的新型科技公司提供資金、創業輔導孵化、專業化管理服務；蝙蝠基金則主要是關於科技、媒體和通信(TMT)領域的天使基金。兩個基金在報告期內均有不俗表現，分別有不同專案分別進入第二輪以上融資，更有部份公司正籌備掛牌新三板。根據以色列最新的資本研究報告顯示，作為中等規模的基金，奇點基金於二零一五年的十二個投資項目已經超越其他風險投資基金，並被以色列風險資本研究中心評為「風險投資最佳新人獎」。

Management Discussion and Analysis

管理層討論及分析

On the other hand, in order to promote the second venture and strategy upgrade, the Group is actively preparing for the establishment of the Industrial Investment and Innovation Division. This division will be responsible for the Company's investment management, and mergers and acquisitions, innovative business services and incubation management, which are related to the Company's principal businesses. The purpose is to catch the trends of consumption upgrades and explore towards better life; it will provide the required infrastructure and a range of supporting services for small start-up businesses, and make early incubation investments, driving innovation with incubation and driving exploration with investment.

Review of research and development

The Group pays great attention to constantly enhancing the capacity of R&D. During the financial year, the Group's R&D cost amounted to HKD239,665,000, representing an decrease of HKD16,540,000 as compared with the last financial year. R&D cost represented approximately 6.1 % of sales revenue, such ratio slightly increased 0.2 percentage points as compared with approximately 5.9% of the last financial year. After continues investment, the Group has set up a R&D team which is in a leading position in China and is of international standards. The R&D strategy of the Group is market-driven and focuses on technology innovation, so as to closely follow the latest global industry trends and to accelerate the mastering of technologies in key raw materials. With such strengths, the Group is able to develop products and technologies that meet market demands, to gradually form a R&D team with a global perspective and deliver a system integration platform of technology, and thereby comprehensively elevate its overall competitiveness in relation to research and development.

另一方面，為了促進集團二次創業與戰略升級，本集團正積極籌建產業投資與創新事業部。該事業部將負責與公司主營業務相關領域的投資管理、收購合併、創新業務服務與孵化管理。旨在抓住消費升級的趨勢，面向美味生活佈局；為一些初創型的小企業提供所需的基礎設施和一系列支援性綜合服務，進行早期的孵化投資，以孵化帶動創新，以投資推動佈局。

研究及發展回顧

本集團非常注重不斷地提升自身的研發能力。於本財政年度內，本集團共投入研發費用港幣239,665,000元，比上一財政年度減少了港幣16,540,000元；而研發費用佔銷售收入的比例為約6.1%，比上一財政年度的約5.9%略微上升0.2個百分點。經過不斷投入，本集團已經建立了一隻國內領先，具有國際水平的研發隊伍。本集團的研發策略始終以市場為原動力，注重技術創新，密切跟蹤國際行業的最新動向，加快對關鍵原料技術掌握，並開發出適合市場需求的產品和技術；逐步建立一支具有國際視野的團隊，打造一個技術系統集成平臺，全面提升綜合研發實力。

Management Discussion and Analysis

管理層討論及分析

During the financial year, the Group and its major customers continued to develop the key R&D projects and further stepped up their cooperation. In January 2016, the “RTL Technology Research Laboratory” which was jointly applied by Guangdong Jinye and Guangdong Tobacco was accredited by the STMA and became the only key RTL laboratory in tobacco industry, representing its position of authority in China in the research of RTL technology. Guangzhou Huafang, acting as the training centre of cigarette flavourists for the STMA, completed overseas training for the second batch of senior flavourists for the tobacco industry, and began to train the third batch of senior flavourists in November the same year. Guangzhou Huafang also participated in the joint research of two important projects in aroma chemicals in the tobacco industry: “Digital Flavouring Technology Platform Based on the Characteristics of Tobacco Flavours” and “Research on the Threshold Value of Important Tobacco Flavours”, and conducted cooperation and research with Yunnan Tobacco and Guangdong Tobacco in various areas. The project of “Development and Research on High-efficiency, Flow-aiding, Filtration-aiding, Energy-saving and Emission Reduction Technology for Paper-making RTL”, which was jointly conducted by Guangdong Jinye and South China University of Technology, was awarded the “Second Prize of Guangdong Science and Technology” by Guangdong Province. The project provides a solid technical support for the “Cost Reduction and Efficiency Increase” strategy of Guangdong Jinye.

In terms of RTL, “Research on the Key Workmanship Technology of Improving the Overall Utilization Rate of Raw Materials”, the major special project commissioned by the STMA and led by Guangdong Jinye was successfully passed and accepted by the STMA in June 2015. This project has realized efficient utilization of the raw material ingredients of RTL, and the results has originality and has reached international advanced level from an overall perspective. Meanwhile, the major project of “Research and Development of Pulp Grinding Workmanship Exclusively Used for Paper-making RTL” and the key project of “Dry-pressed RTL Trial Production Line Technique Research and Equipment Development” were completed and accepted by the experts of the STMA and the research results have reached domestically and internationally advanced level, respectively. Yunnan Tianhong Technology Centre was granted an invention patent certificate of “a method for reducing harmful substances and improving the quality of paper-making RTL”. Securing this patent not only motivated the R&D personnel of the Company, but also laid a solid foundation for the rapid development of the Company's R&D in the future.

本財政年度內，本集團與其主要客戶的重點研發工作繼續開展，合作關係進一步深化。二零一六年一月，廣東金葉與廣東中煙聯合申報的「再造煙葉技術研究重點實驗室」獲國煙局認定，成為煙草行業唯一的再造煙葉重點實驗室，代表了國內再造煙葉技術研究領域的權威性地位。廣州華芳作為國家煙草專賣局捲煙調香人才培養基地，二零一五年完成了煙草行業第二批捲煙高級調香師的海外培訓任務，並於同年十一月開始了第三批調香師培訓。華芳公司還參與了煙草行業香料領域兩個重點項目的共同研究：《基於煙用香原料特性的數字化調香技術平台》和《煙草中煙香料作用閾值研究》，並分別與雲南中煙、廣東中煙開展多方面的合作研究。廣東金葉與華南理工大學聯合開展的《造紙法再造煙葉高效助流助濾節能減排技術的開發研究》項目，獲得廣東省人民政府頒發的「廣東科學技術二等獎」，項目成為為廣東金葉「降本增效」起到了較好的技術支撐作用。

煙草薄片方面，廣東金葉牽頭承擔的國煙局重大專項《提高原料綜合利用率的關鍵工藝技術研究》於二零一五年六月順利通過國煙局驗收。該項目實現了再造煙葉原料成分的高效利用，成果具有原創性，並整體達到國際先進水平，對行業具有較好的指導借鑑價值。同時，重大專項《造紙法再造煙葉專用製漿工藝技術研究與開發》與重點項目《乾法再造煙葉中試生產線工藝研究與裝備開發》均順利通過國煙局專家組驗收，研究成果達國內外領先。雲南天宏技術中心獲得了「一種造紙法煙草薄片減害提質的方法」發明專利證書，此次專利授權的獲得，為公司科研人員增添了科研動力，也為公司今後的科研長足發展奠定了基礎。

Management Discussion and Analysis

管理層討論及分析

In terms of new materials, the Group has developed cigarette filters containing capsule or wired conductors products with various flavours and effects. These products brought new experiences and feelings to consumers and helped to promote the development of new cigarette products; they were well recognized by the Chinese cigarette manufacturers and new customers.

Shanghai Hengxin Company also passed the CMA metrological certification and the CNAS national laboratory certification. It has newly purchased a number of advanced equipment including infrared spectrometric analyzer, which enables the company to carry out 30 types of test for the certification of tobacco and tobacco related products, tobacco smoke and tobacco additives. The certification of subsequent project expansion is under progress.

During the reporting period, the R&D team filed for a total of 42 new patent applications in regards to invention, utility innovation and appearance design, and was granted with 39 patents which had been previously applied, including 20 invention patents, 7 utility innovation patents and 12 appearance design patents.

Some of the major patents granted include:

- A method for preparing milk-flavor base material through butter enzymolysis product
- The additive for enhancing natural unhusked rice flavor of baked food and application of the additive
- A preparation method for RTL with compound natural ingredient
- A drying device for dry-pressed paper-making RTL production
- A method of reducing harm and improving quality for paper-making RTL
- A tobacco stem sorting device for tobacco stem shredding
- A novel microcapsule sieve
- An electronic cigarette mouthpiece cover

新材料方面，開發了多種香型風格和功效的捲煙濾棒膠囊或芯線產品，運用於捲煙產品中，為消費者帶來了新的體驗感受，促進了捲煙新產品的開發，深受中煙企業和新客戶群的認可。

上海衡欣公司亦通過CMA計量認證和CNAS國家實驗室認證認可，新增加紅外光譜分析儀等一批先進儀器，可實施包括煙草及煙草相關製品、煙草煙氣及煙用添加劑認證認可的檢測項目30餘項。

報告期內，研發團隊新申請的發明，實用新型和外觀設計專利項目共42項，已申請並獲授權的專利39項，其中包括發明專利20項，實用新型專利7項，外觀設計12項。

其中主要獲授權專利項目包括：

- 一種利用黃油酶解物製備奶香基料的方法
- 一種強化烘焙食品天然稻穀香添加劑及應用
- 一種添加複合天然成分的煙草薄片的製備方法
- 一種乾法造紙生產再造煙葉的烘乾裝置
- 一種造紙法煙草薄片減害提質的方法
- 一種用於煙梗切絲的理梗裝置
- 一種新型微膠囊篩
- 一種電子煙煙嘴蓋

Management Discussion and Analysis

管理層討論及分析

Internationalized R&D team

Tobacco flavours technicians
Food flavours technicians
Fragrances technicians
Biochemical technicians
Aroma materials developing technicians
Innovative tobacco developing technicians
Analysis, inspection and quality control technicians
New cigarette materials, new workmanship and other R&D technicians
Total

Among all, there are 25 foreign experts, and 46 senior experts with over 20 years of experience.

Human Resources and Corporate Culture construction

As at 31 March 2016, the Group employed a total of approximately 2,465 employees in the PRC, Hong Kong, Germany, U.S., Botswana and Korea, and last year was approximately 2,300 employees. The labor costs for the year (including pension and mandatory provident fund, etc.) amounted to HKD451,466,000, representing an increase of HKD18,975,000 from HKD432,491,000 of the last financial year. The increase in the labor costs was primarily attributable to the increase in the number of employee.

Based on the new strategically starting point of the Group, human capital becomes the dominant factor for valuation creation of the Group. The Group collaborated with a professional consulting firm in optimizing the Group's human resource system, establishing a corporate jobs hierarchy, carrying out job evaluation, management and control at the group level, compensation package design and performance management as well as long-term incentive compensation, to achieve internal equity and external competitiveness, encourage human capital value creation. The Group taps employees' potential to the greatest extent by effectively incorporating scientific consulting into the Group's work practices, with a view to attaining the Group's strategic objectives.

國際化的研發團隊

煙用香精技術人員	80
食用香精技術人員	35
日用香精技術人員	14
生化科技技術人員	31
香料研發技術人員	79
新型煙草研發技術人員	10
分析檢測和品控	144
捲煙新材料、新工藝及 其他技術研發人員	102
總數	495

其中，25位為外籍專家，及46位為資歷超過20年的資深專家。

人力資源及企業文化建設

於二零一六年三月三十一日，本集團在中國大陸、香港、德國、美國、博茨瓦納及韓國共聘用員工2,465人，去年為2,300人。本年度共發生員工成本（包括退休保險及強積金等）為港幣451,466,000元，比上財政年度的港幣432,491,000元增加了港幣18,975,000元。本年度員工成本的增加，主要是由於員工人數增加的緣故。

立足集團戰略新起點，人力資本成為企業價值創造的主導因素，本集團正與一間專業顧問公司攜手對集團人力資源體系進行優化提升，構建職位職級體系、崗位價值評估、集團管控、薪酬設計與績效管理、長期激勵等，實現薪酬的內部公平、外部競爭力，激活人力資本的價值創造。本集團將科學的諮詢方法與本集團的實際工作有效結合，最大限度激發員工潛能，促進實現本集團的戰略目標。

Management Discussion and Analysis

管理層討論及分析

In relation to the improvement on the leadership of our senior management, the Group cooperated with the China Europe International Business School to conduct specialization training courses with six modules tailored for the senior management team of Huabao, so as to build a high-performance management team with strategic change, innovation and entrepreneurship and learning agility and improve the Group's organizing ability. In addition, the Group also invited the internet CEO training experts of China to strengthen at internet management thinking, improve its operational efficiency and consolidate its quality services and future development.

The High Potential Talent Project (HPTP) undertaken this year is another effective way to enhance human capital. HPTP is of great significance to organizational strategy implementation, business development and talent pool optimization and construction. The Group expects to, through comprehensive training, cultivate a group of high-calibre talents with excellent quality, outstanding ability, extensive knowledge and high potential, so as to provide a reliable source of talents for the sake of the Group's rapid development.

The Group has remained committed to corporate culture development and established a clear vision, as well as a common goal for all employees, of combining corporate development and individual growth to achieve common development of the Company and its employees. Adhering to its core value of "client first" for years to maximize client values, the Group also formulated a code of conduct for each employee on the basis of this concept. Corporate culture and information is spread through the Company's monthly internal magazine, and employees are also encouraged to submit articles for cultural enrichment. On the other hand, the Group enriched employees' leisure time through various recreational and sports activities including sports contests and outward bound trainings to reinforce cohesion of Huabao people and their sense of identity.

在高管領導力提升方面，本集團與中歐國際工商學院合作，專為華寶高管團隊量身打造了六期專業模塊課程培訓，以打造具有戰略變革、創新創業、學習敏銳度的高績效管理團隊，提升組織能力。此外，本集團也邀請了中國互聯網CEO培訓專家合作，以加強本集團的互聯網管理思維，提升營運效率，強化本集團的優質服務及未來發展。

於本年度開展的HPTP (High Potential Talent Project) 高潛質人才發展項目是另一個提升人力資本的有效手段。該項目對組織戰略的落實、業務的發展、梯隊的優化與建設具有重要意義，本集團希望通過全面培訓，培養出一批品質優秀、能力突出、知識全面、具有培養潛力的高素質人才，從而為本集團的高速發展提供堅實的人才保障。

本集團亦一直重視企業文化建設。本集團有明確的願景並將其作為全體員工的奮鬥目標，倡導將企業發展與個人成長結合，實現企業與員工共同發展的理念。本集團多年來堅持客戶至上的核心價值觀，以為客戶創造最大價值為己任，並把它作為每個員工的行為準則。本集團通過內部月刊，不僅傳遞企業文化及信息，同時鼓勵員工寫作投稿，推動文化修養。另一方面，通過持續地舉辦體育比賽、拓展訓練等文體活動，豐富華寶人的工餘生活，增強華寶人的凝聚力和對企業文化的認同感。

Management Discussion and Analysis

管理層討論及分析

Corporate Information Technology Development

In June 2015, Huabao entered into a strategic cooperation agreement with a world famous software service provider to officially launch the Customer Relationship Management (CRM) project. Drawing upon the service provider's extensive experience and expertise in software outsourcing, consulting services and other areas, the Group will develop an information construction mode with Huabao's characteristics and in line with the Company's long-term healthy development, so as to provide comprehensive consulting services and technical support for the current and future development of Huabao's various business segments. Entering into this strategic cooperation agreement represents a significant move to fully implement the Group's "IT-oriented management" strategic objective. The Group will continue to adopt new and effective measures for the full implementation of such strategic objective, which, in return, will provide reliable assurance and strong support of new services and platforms to the Group's future transformation and development.

In order to meet the Group's business needs and achieve its strategic goals, the senior management formulated a positive information technology strategic plan. Take advantage of the most popular online communication platforms nowadays, such as Weibo, Weixin and Dingding, set up public accounts in those internet platforms, and made it possible for the real-time and effective dissemination of information of the enterprise including latest news, development and concepts. In respect of the corporate website, the Group also upgraded the old version of the website with new designs and contents in all aspects. In addition, to align with its strategic transformation and upgrade, the Group has also revamped its internal magazine, "Huabao View", which has not only significantly increased employees' participation and recognition, but also enhanced the value in use of the internal magazine.

企業信息化的技術建設

二零一五年六月，華寶國際與全球知名的軟件服務供應商簽訂了戰略合作協議，正式啟動CRM項目。本集團希望通過服務供應商在軟件外包、諮詢服務等方面的豐富經驗和專業理論，形成具有華寶特色、符合公司長期健康發展的信息化建設模式，為華寶當前及未來各個產業板塊的發展提供全面的諮詢服務和技術支持。此次戰略合作協議的成功簽署是集團全面落實「管理信息化」戰略目標的又一重大舉措，本集團將繼續採取新的、有效的措施，全面落實「管理信息化」戰略目標，將為本集團未來的轉型發展提供可靠的保障和強大的新型服務、平台支持。

為滿足集團的經營需求，實現集團的戰略目標，管理層制定了積極的信息化戰略規劃，充分利用當今最主流的網絡通信平台，如微博、微信和釘釘等，在互聯網平台上建立公眾賬戶，對企業的動態、發展、理念等方面進行及時、有效的傳遞。在企業網站方面，本集團亦對以往的版本進行了升級，設計和內容方面均進行了全方面更新。另外，為配合戰略轉型和升級，對內部刊物《華寶視界》也進行了改變，大幅提升了員工的參與度和認同感，提高了內部刊物的使用價值。

Management Discussion and Analysis

管理層討論及分析



Future development strategy

During the past three years, China's economy experienced dramatic changes and went through a structural adjustment, which contributed to the general trend of consumption upgrades in China. After rounds of in-depth reviews and argumentations, the management considers that it is an inevitable course for Huabao's strategic upgrading and second venture to focus on the consumption sector, a beneficiary of consumption upgrading, by taking high-tech innovation, and to establish capital platforms through strategic investments.

To promote the second venture and strategic transformation, the Group, tackling at high-tech innovation and leveraging the flexibility of its fund structure, stood at the forefront of high-tech development in short order via investments in overseas high-tech venture capital funds and domestic angel venture capital funds, and assessed with big data analytics and reviewed from a crossover perspective. On the other hand, the Group actively promoted direct investment in China's fast moving consumer goods industry, and captured several valuable and strategic segment markets as well as new channels and micro customers to adapt to the "long-tail phenomenon" of the fast moving consumer goods market. Moreover, through a series of capital operations, the Group strives to develop itself into a well-established investment holding group. It would be very important for the Group to build various capital platforms, and it will continue to carry the relevant projects forward in the future, to couple with its business development.

未來發展策略

過去三年中國經濟發生了重大變化，經濟的結構也在發生重大調整，中國消費升級是大趨勢，管理層經過深刻檢討和論證，認為集團聚焦在消費升級惠及的消費品行業，以高科技創新為內生發展動力，通過戰略投資搭建資本平台，這將是華寶戰略升級、二次創業的必由之路。

為促進二次創業和戰略轉型，集團從高科技創新入手，通過投資海外的高科技風投基金和國內的天使風投基金，透過靈活的基金結構迅速站在高科技發展的最前沿，以大資料分析來評估，從跨界的角度來審視；另一方面，積極推進中國快消品直接投資，在快消品長尾化中，佔領多個價值性、戰略性的細分市場、新渠道和微客戶；再者多層次推進資本運作，建立多層次的資本平台。本集團認為構建多層次的資本平台對於發展成為投資控股集團非常重要，未來會不斷地推進相關專案，以配合業務發展。

Management Discussion and Analysis

管理層討論及分析

FINANCIAL REVIEW

Analysis of annual results for the year ended 31 March 2016

Sales revenue

The Group's sales revenue amounted to HKD3,928,217,000 for the year ended 31 March 2016, representing a decrease of approximately 9.2% as compared with HKD4,326,486,000 for the last financial year. Except for the sales revenue of aroma raw materials increased mainly due to acquisition of Yancheng Chunzhu during the year, the sales revenue of other segments fell, due to sluggishness of macroeconomics. For the year ended 31 March 2016, sales revenue from flavours reached HKD2,725,621,000, contributing approximately 69.4% of total sales revenue; sales revenue from RTL reached HKD698,250,000, contributing approximately 17.8% of total sales revenue; sales revenue from new materials reached HKD74,750,000, contributing approximately 1.9% of total sales revenue; sales revenue from fragrances reached HKD82,031,000, contributing approximately 2.1% of total sales revenue; while sales revenue from aroma raw materials reached HKD347,565,000, contributing approximately 8.8% of total sales revenue.

Cost of goods sold

The Group's cost of goods sold amounted to HKD1,223,041,000 for the year ended 31 March 2016, representing a decrease of approximately 6.0% as compared with HKD1,301,169,000 for the last financial year.

Gross profit and gross profit margin

Gross profit of the Group decreased from HKD3,025,317,000 for the year ended 31 March 2015 to HKD2,705,176,000 for the year ended 31 March 2016, representing a decrease of approximately 10.6%; gross profit margin was 68.9%, representing a decrease of 1.0 percentage point from 69.9% of the last financial year. Gross profit margin remained stable.

Other income and other gains – net

Other income and other gains – net of the Group was HKD197,427,000 for the year ended 31 March 2016, representing a decrease of HKD65,778,000 as compared with HKD263,205,000 for the last financial year. The decrease in other income is mainly attributable to a decrease in government grants and increase in foreign exchange loss.

財務狀況回顧

截至二零一六年三月三十一日止年度的業績分析

銷售額

截至二零一六年三月三十一日止年度，本集團的銷售額達港幣3,928,217,000元，較上一財政年度的港幣4,326,486,000元減少了約9.2%。銷售額的減少，主要是由於宏觀經濟不景氣，除香原料板塊主要因為收購鹽城春竹銷售額有所上升外，其餘板塊銷售收入均呈現不同程度的下滑。截至二零一六年三月三十一日止年度，食用香精的銷售額達港幣2,725,621,000元，佔總收入約69.4%；煙草薄片的銷售額達港幣698,250,000元，佔總收入約17.8%；新材料銷售額達港幣74,750,000元，佔總收入約1.9%；日用香精的銷售額達港幣82,031,000元，佔總收入約2.1%；香原料板塊的銷售額達港幣347,565,000元，佔總收入約8.8%。

銷售成本

截至二零一六年三月三十一日止年度，本集團的銷售成本為港幣1,223,041,000元，較上一財政年度的港幣1,301,169,000元減少了約6.0%。

毛利和毛利率

本集團的毛利由截至二零一五年三月三十一日止年度的港幣3,025,317,000元減少至截至二零一六年三月三十一日止年度的港幣2,705,176,000元，減少了約10.6%；毛利率為68.9%，較上一財政年度的69.9%下降了1.0個百分點。毛利率基本保持穩定。

其他收入及其他收益 – 淨額

截至二零一六年三月三十一日止年度，本集團的其他收入及其他收益 – 淨額為港幣197,427,000元，較上一財政年度的港幣263,205,000元減少了港幣65,778,000元。其他收入及其他收益的減少主要是由於政府津貼減少及匯兌虧損增加所致。

Management Discussion and Analysis

管理層討論及分析

Selling and marketing expenses

The selling and marketing expenses of the Group mainly comprised travelling expenses, transportation costs, advertising and promotion expenses, salaries and office expenses. The selling and marketing expenses of the Group for the year ended 31 March 2016 were HKD253,346,000, representing an increase of approximately 23.8% as compared with HKD204,650,000 for the last financial year. Selling and marketing expenses to total sales revenue for the year ended 31 March 2016 and 2015 amounted to approximately 6.4% and 4.7% respectively. The increase of such ratio was mainly attributable to a significant increase in marketing promotion expenses for new tobacco products and to the Group stepping up its selling efforts which resulted in an increase in related expenses.

Administrative expenses

The Group's administrative expenses amounted to HKD901,154,000 for the year ended 31 March 2016, representing an increase of approximately 18.0% as compared with HKD763,727,000 for the last financial year. Administrative expenses to total sales revenue during the current financial year amounted to approximately 22.9%, representing an increase of approximately 5.2 percentage points as compared with 17.7% for the last financial year. The increase in the ratio of administrative expenses to total sales revenue was mainly attributable to an increase in administrative expenses for new tobacco products; an increase in amortization expense of intangible assets arising from acquisition of VMR and Yancheng Chunzhu; engagement of international consulting firm for the Group's strategic planning during the reporting period and the increase in travelling expenses resulted from overseas mergers and acquisitions projects.

Operating profit

Operating profit of the Group for the year ended 31 March 2016 was HKD1,748,103,000, representing a decrease of approximately 24.7% as compared with HKD2,320,145,000 for the last financial year, while the operating profit margin decreased to approximately 44.5% of the current financial year from approximately 53.6% of the last financial year. The decrease in operating profit and operating profit margin were mainly attributable to the decrease of sales revenue and other income, and the increase of marketing promotion expenses and travelling expenses.

銷售及市場推廣開支

本集團的銷售及市場推廣開支主要包括差旅費、運輸成本、廣告及宣傳費、薪金及辦公費用等。本集團截至二零一六年三月三十一日止年度的銷售及市場推廣開支為港幣253,346,000元，較上年度的港幣204,650,000元增加約23.8%。於截至二零一六年及二零一五年三月三十一日止年度的銷售及市場推廣開支所佔銷售收入的比例分別為約6.4%及4.7%。該比例上升主要是由於新型煙草製品的市場推廣費用大幅增加及本集團因加大銷售力度而導致相關費用增加所致。

行政開支

本集團截至二零一六年三月三十一日止年度的行政開支為港幣901,154,000元，較上一財政年度的港幣763,727,000元，增加了約18.0%。而行政開支所佔本財政年度的銷售收入的比例為約22.9%，較上一財政年度的17.7%增加了5.2個百分點。行政開支金額及佔銷售比例增加的原因是新型煙草製品管理費用增加、因收購VMR及鹽城春竹而新增之無形資產攤銷、於本報告期內聘請國際諮詢公司為本集團做戰略規劃及海外收購項目所產生的差旅費大幅上升所致所致。

營運盈利

本集團營運盈利在截至二零一六年三月三十一日止年度為港幣1,748,103,000元，較上一財政年度的港幣2,320,145,000元，減少了約24.7%。而本集團的營運盈利率由上年度的約53.6%下降至本年度的約44.5%。營運盈利的減少及營運盈利率的下降主要是由於經營收入下降，其他收入減少，市場推廣及差旅費等費用增加所致。

Management Discussion and Analysis

管理層討論及分析

Income tax expenses

Income tax expenses of the Group for the year ended 31 March 2016 was HKD365,380,000, representing a decrease of approximately 6.6% as compared with HKD391,054,000 for the last financial year. Income tax rate of the current year was approximately 19.9%, which was increased by approximately 3.5 percentage points as compared with last financial year. It was mainly attributable to the significant increase in withholding tax resulting from distribution of profits by PRC subsidiaries due to group reorganization.

Profit attributable to the equity holders of the Company

Profit attributable to the equity holders of the Company was HKD1,450,250,000 for the year ended 31 March 2016, representing an decrease of approximately 27.0% as compared with HKD1,986,584,000 for the last financial year but representing an improvement as compare with the decrease of 42.5% for the first half of the financial year.

Net current asset value and financial resources

As at 31 March 2016, the net current asset value of the Group was HKD5,259,154,000 (2015: HKD4,454,334,000). The Group generates its working capital mainly through its operating activities to maintain a sound financial position. As at 31 March 2016, the Group's cash and bank balances amounted to HKD3,521,708,000 (2015: HKD3,626,091,000), over 70% of which was held in RMB. The Group hold structured investment products of HKD165,617,000 which was classified as available for sales financial assets.

Bank borrowings and debt ratio

As at 31 March 2016, the Group had bank borrowings of HKD18,002,000 (2015: HKD750,278,000), all of which were due within one year. Among which, HKD13,201,000 are secured loan with average annual interest of 6.4%. HKD4,801,000 are unsecured loan with average annual interest rate of 1.9%. As at 31 March 2016, the Group's debt ratio (total borrowings, include current and non-current borrowings, divided by total equity (excludes non-controlling interests)) decreased to 0.2% (2015: 8.2%). The debt ratio lowered further.

稅務開支

本集團的稅務開支在截至二零一六年三月三十一日止年度為港幣365,380,000元，較上一財政年度的港幣391,054,000元，減少了約6.6%。本年度所得稅稅率約為19.9%，較上一財政年度上升了3.5個百分點，主要是由於本集團業務架構調整，國內附屬公司分配到香港利潤增加，導致預提所得稅大幅增加所致。

本公司權益持有人應佔盈利

本公司權益持有人應佔盈利在截至二零一六年三月三十一日止年度為港幣1,450,250,000元，較上一財政年度的港幣1,986,584,000元下降了約27.0%，相比上半財政年度的降幅42.5%有所改善。

流動資產淨值和財務資源

於二零一六年三月三十一日，本集團的流動資產淨值港幣5,259,154,000元（二零一五年：港幣4,454,334,000元）。本集團主要透過經營業務提供營運資金，維持穩健財務狀況。於二零一六年三月三十一日，本集團的銀行及庫存現金為港幣3,521,708,000元（二零一五年：港幣3,626,091,000元），其中超過70%是以人民幣持有。此外，本集團持有之結構性理財產品金額為港幣165,617,000元，分類為可供出售金融資產列示。

銀行貸款及負債比率

於二零一六年三月三十一日，本集團的銀行借貸總額為港幣18,002,000元（二零一五年：港幣750,278,000元），全部於一年內到期償還。其中港幣13,201,000元為抵押貸款，平均年息率為6.4厘；餘下無抵押貸款為港幣4,801,000元，平均年息率為1.9厘。於二零一六年三月三十一日，本集團之負債比率（總債務（包括流動及非流動貸款）除以總權益，不含非控制性權益）為0.2%（二零一五年：8.2%），負債比率進一步下降。

Management Discussion and Analysis

管理層討論及分析

Investing activities

The Group's investing activities were for the purchase of property, plant and equipment, financial assets investment and the strategically development strategies for mergers and acquisitions. For the year ended 31 March 2016, the net cash generated from investing activities amounted to HKD13,848,000, mainly from the release of short-term time deposits, and used for mergers and acquisitions of subsidiaries, investment in associates, procurement of properties, plant and equipment and acquisition of structured investment products. For the year ended 31 March 2015, the net cash used in investing activities amounted to HKD349,535,000.

Financing activities

For the year ended 31 March 2016, the net cash used in financing activities amounted to HKD806,760,000, mainly used for repayments of bank loans. For the year ended 31 March 2015, the net cash used in financing activities amounted to HKD1,497,567,000.

Debtors' turnover period

Debtors' turnover period is calculated on the basis of the average amount of trade receivables net of provisions as at the beginning and end of a relevant financial year divided by the total sales revenue for the corresponding period and multiplied by 360 days. The Group generally offers its customers a credit period of approximately 0-180 days, depending on the business volume of, and the length of business relationship with, the customers. For the year ended 31 March 2016, the Group's average debtors' turnover period was 89 days, representing an increase of 10 days as compared with 79 days for the last financial year ended 31 March 2015. The increase of trade receivables turnover days was mainly attributable to better payment terms granted to our customers due to the sluggishness of the industry and to the consolidation of Yancheng Chunzhu and VMR's trade receivable balances at balance sheet date.

投資活動

本集團的投資活動主要與購買物業、機器及設備和作為收購兼併活動的戰略性發展策略有關。截至二零一六年三月三十一日止年度，投資活動所產生的現金淨額為港幣13,848,000元，主要是提取短期定期存款以及用於收購及兼併活動、注資於聯營公司、購入物業、機器設備、購入結構性理財產品等。而截至二零一五年三月三十一日止年度，投資活動所用的現金淨額為港幣349,535,000元。

融資活動

截至二零一六年三月三十一日止年度，本集團融資活動所用現金淨額為港幣806,760,000元，主要用於償還銀行貸款。而截至二零一五年三月三十一日止年度，融資活動所用的現金淨額為港幣1,497,567,000元。

應收賬周轉期

應收賬周轉期乃通過將有關財政年度年初及年末經扣除撥備的應收貿易賬款平均金額除以相應期間的營業總額再乘以360天計算。本集團一般給予客戶約0-180日的信貸期，根據客戶業務量的大小和業務關係時間長短而定。截至二零一六年三月三十一日止年度，本集團的平均應收賬周轉期為89日，比較截至二零一五年三月三十一日止財政年度的79日上升了10日，應收賬款周轉期上升的主要是由經行業不景氣而給客戶更寬鬆的付款期以及因合併了鹽城春竹和VMR於結算日的貿易應收賬款所致。

Management Discussion and Analysis

管理層討論及分析

Creditors' turnover period

Creditors' turnover period is calculated on the basis of the average amount of trade payables as at the beginning and the end of a relevant financial year divided by the cost of goods sold for the corresponding period and multiplied by 360 days. Credit periods granted by suppliers to the Group ranged from 0-180 days. For the year ended 31 March 2016, the Group's average creditors' turnover period was 113 days, representing a decrease of 3 days as compared with 116 days for the last financial year ended 31 March 2015. Creditors' turnover period remains stable.

Inventory and inventory turnover period

As at 31 March 2016, the Group's inventory balance amounted to HKD834,024,000 (2015: HKD818,433,000). For the year ended 31 March 2016, the inventory turnover period (calculated on the basis of the average amount of inventory balances as at the beginning and end of a relevant financial year divided by the total cost of goods sold for the corresponding period and multiplied by 360 days) was 243 days, representing an increase of 11 days as compared with 232 days for the last financial year but representing a decrease of 41 days as compared with 284 days for the first half year of the financial year. The increase in inventory balance and inventory turnover period was mainly attributable to the consolidation of VMR's closing inventory resulted from the acquisition of VMR in December 2015.

Foreign exchange and exchange rate risk

The principal businesses of the Group are located in Mainland China and the majority of the sales revenue is denominated in RMB, with the exception of only a certain amount of imported raw materials and equipment which are denominated in foreign currency such as USD or EUR. The Group's bank deposits are mainly denominated in RMB, USD and HKD and the depreciation risk of which is not significant.

應付帳周轉期

應付帳周轉期乃通過將有關財政年度年初及年末的應付貿易賬款平均金額除以相應期間的銷售成本再乘以360天計算。供應商給予本集團的信貸期介乎零日至180日。截至二零一六年三月三十一日止年度，本集團的平均應付帳周轉期為113日，比較截至二零一五年三月三十一日止財政年度的116日下降了3日，基本保持穩定。

存貨和存貨周轉期

本集團的存貨結餘於二零一六年三月三十一日為港幣834,024,000元（二零一五年：港幣818,433,000元）。在截至二零一六年三月三十一日止年度，存貨周轉期（將有關財政年度年初及年末的存貨平均結餘除以相應期間的銷售成本總額再乘以360天計算）為243日，較上一財政年度的232日增加了11日，但相比上半財政年度的284日下降了41日。存貨和存貨周轉期較上年度有所增加主要是由於在2015年12月入股了VMR而增加了該公司的期末存貨。

外匯及匯率風險

本集團的主要業務均在中國，收入絕大部份業務都以人民幣結算，僅部分進口原料及設備以美元或歐元等外幣結算。本集團持有的銀行存款主要為人民幣、美元和港幣，上述貨幣存款並無重大貶值風險。

Management Discussion and Analysis

管理層討論及分析

Pledge of assets

As at 31 March 2016, the secured bank loan of the Group amounted to RMB11,000,000 (2015: RMB12,000,000).

Capital Commitments

As at 31 March 2016, the Group had capital commitments in respect of the purchase of property, plant, equipment and available-for-sale financial assets, contracted for but not provided in the financial statements amounted to approximately HKD166,714,000 (2015: HKD274,175,000), with investment in high-tech fund amounted to HKD130,120,000.

Contingent liabilities

Based on the information available to the Board, the Group did not have any material contingent liabilities as at 31 March 2016.

資產抵押

於二零一六年三月三十一日，本集團的抵押貸款為人民幣11,000,000元（二零一五年：人民幣12,000,000元）。

資本承擔

於二零一六年三月三十一日，本集團就已訂約購買的物業、廠房及設備及可供出售金融資產之投資但並未於財務報表撥備的資本承擔約港幣166,714,000元（二零一五年：港幣274,175,000元），主要是高科技創新基金的投資約港幣130,120,000元。

或然負債

根據可供董事會查閱的資料，本集團於二零一六年三月三十一日並無任何重大的或然負債。

Biographical Details of Directors and Senior Management (Note)

董事及高級管理層履歷 (註)

EXECUTIVE DIRECTORS 執行董事



Ms. CHU Lam Yiu, aged 46, the Chairwoman of the Board, CEO, Executive Director and the chairwoman of Nomination Committee of the Company. Ms. Chu has been a member of the Board since March 2004. Ms. Chu is the mother of Mr. LAM Ka Yu (Executive Director of the Company). Ms. Chu is also a director of the Company's principal subsidiaries marked with "C1" as set out in Note 35 to the consolidated financial statements. Ms. Chu is experienced in formulating strategies and making executive decisions on business operation, investments and market development. She was a member of the Fifth Chinese People's Political Consultative Conference Committee (Shenzhen, Guangdong province). Ms. Chu, through the corporations controlled by her, is the beneficial owner of shares of the Company as set out in page 86 headed under Directors' Interests in Shares, Underlying Shares and Debentures.

朱林瑤女士，46歲，本公司董事會主席、首席執行官、執行董事及提名委員會主席，自二零零四年三月起出任董事會成員。朱女士為林嘉宇先生（本公司執行董事）之母。朱女士亦是載於綜合財務報表附註35有「C1」符號之本公司主要附屬公司的董事。朱女士擁有企業營運、投資及市場拓展之策略制定及決策方面之豐富經驗。彼曾擔任中國人民政治協商會議廣東省深圳市第五屆委員會委員。朱女士，透過受其控制的公司，實益擁有本公司股份，詳情已載於第86頁標題為「董事於股份、相關股份及債券之權益」。



Mr. XIA Li Qun, aged 49, an Executive Director, Vice Chairman (re-designated on 18 November 2015), CFO and a member of the Remuneration Committee of the Company. Mr. Xia has been a member of the Board since September 2006. Mr. Xia is also a director of the Company's principal subsidiaries marked with "X1" and the legal representative of those companies marked with "X2" as set out in Note 35 to the consolidated financial statements. Mr. Xia holds a Bachelor's degree in economics and is a certified accountant, certified tax specialist and certified appraiser in China. Mr. Xia has over 20 years of financial and corporate management experience. He previously worked in domestic accounting firms in China and was a senior management member of a foreign invested enterprise in China. Mr. Xia is currently the honorary chairman of the Shanghai Food Additive and Batching Association.

夏利群先生，49歲，本公司執行董事、副主席（於二零一五年十一月十八日調任）、首席財務官及薪酬委員會委員，自二零零六年九月起出任董事會成員。夏先生亦是載於綜合財務報表附註35分別有「X1」及「X2」符號之本公司主要附屬公司的董事及法定代表人。夏先生持有經濟學學士學位及中國註冊會計師、註冊稅務師及註冊評估師資格。夏先生擁有逾二十年財務及企業管理方面經驗。彼曾任職於中國內地會計師事務所和擔任中國之外商投資企業高層管理職位。夏先生現擔任上海市食品添加劑和配料行業協會名譽會長。

Biographical Details of Directors and Senior Management (Note)

董事及高級管理層履歷 (註)



Mr. POON Chiu Kwok, aged 53, an Executive Director, Vice President and the Company Secretary of the Company. Mr. Poon has been a member of the Board since March 2004. Mr. Poon was awarded the postgraduate diploma in laws by the University of London, United Kingdom. He holds a Bachelor's degree in laws and a Bachelor's degree in business studies and a Master's degree in international accounting. He is a fellow member and an associate instructor of the Hong Kong Securities and Investment Institute, a fellow member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries and a member of its Technical Consultation Panel and Professional Development Committee. Mr. Poon has over 25 years of experience in regulatory affairs, investment banking and listed companies management.

潘昭國先生，53歲，本公司執行董事、副總裁及公司秘書，自二零零四年三月起出任董事會成員。潘先生獲英國倫敦大學授予法學深造文憑；擁有法學學士學位、商業學學士學位和國際會計學碩士學位，彼為香港證券及投資學會資深會員及其特邀導師、英國特許秘書及行政人員公會及香港特許秘書公會資深會士及其技術諮詢小組成員及專業發展委員會委員。潘先生於規管事宜、投資銀行及上市公司管理方面擁有逾二十五年經驗。



Mr. LAM Ka Yu, aged 23, an Executive Director (re-designated on 4 March 2016) of the Company. Mr. Lam has been a member of the Board since November 2013. Mr. Lam is the son of Ms. CHU Lam Yiu (the Chairwoman of the Board, CEO and Executive Director of the Company). Mr. Lam is also a director of the Company's principal subsidiaries marked with "L1" and the legal representative of those companies marked with "L2" as set out in Note 35 to the consolidated financial statements. Mr. Lam educated in the United Kingdom and the United States of America. For corporate management experiences, Mr. Lam is currently a managing director and legal representative of a private company, which is engaged in e-commerce business in China. He previously served as a director and the general manager of a company which is engaged in advertising media business in China and he was a director of a non-profit foundation in China.

林嘉宇先生，23歲，本公司非執行董事（於二零一六年三月四日調任），自二零一三年十一月起出任董事會成員。林先生是朱林瑤女士（本公司董事會主席、首席執行官、執行董事）的兒子。林先生亦是載於綜合財務報表附註35分別有「L1」及「L2」符號之本公司主要附屬公司的董事及法定代表人。林先生於英國及美國接受教育，就企業管理經驗方面，林先生目前於一家主要在中國經營電子商務業務的私人公司擔任董事長及法定代表人，彼曾於一家在中國經營廣告傳媒業務的公司擔任董事及總經理職務，及曾為國內一家非牟利基金會的理事。

Biographical Details of Directors and Senior Management (Note)

董事及高級管理層履歷 (註)

INDEPENDENT NON-EXECUTIVE DIRECTORS 獨立非執行董事



Dr. DING Ningning, aged 68, an Independent Non-executive Director and a member of both of the Audit Committee and Nomination Committee of the Company. Dr. Ding has been a member of the Board since August 2013. Dr. Ding graduated from Tsinghua University with a Bachelor's degree in electrical engineering, and graduated from the Party School of the Central Committee of the Communist Party of China in its first doctorate course in economics. Dr. Ding is currently a researcher of the Social Development Research Department of the Development Research Center ("DRC") of the State Council of the PRC, a director of the China Development Research Foundation, an executive director of the China Energy Research Society and an executive director of the China International Association for Urban and Rural Development. He has been conducting research at the DRC for over 30 years since 1982, and he was a director of the Enterprise Economic Research Department of the DRC from 1993 to 1998 and a director of the Social Development Research Department of the DRC from 1998 to 2008. Dr. Ding was a member of the Listed Company Supervisory Committee of China Securities Regulatory Commission.

丁寧寧博士，68歲，本公司獨立非執行董事、審核委員會和提名委員會委員，自二零一三年八月起出任董事會成員。丁博士畢業於清華大學電機工程系，獲工學學士學位，並取得中共中央黨校首屆經濟學博士學位。丁博士現任中國國務院發展研究中心（「該中心」）社會發展研究部研究員、中國發展研究基金會理事、中國能源研究會常務理事和中國城鄉發展國際交流協會常務理事。彼自一九八二年參加該中心的研究工作，至今已逾三十年，一九九三年至一九九八年擔任該中心企業經濟研究部部長，一九九八年至二零零八年擔任該中心社會發展研究部部長。丁博士曾擔任中國證券監督管理委員會的上市審查委員。



Mr. LEE Luk Shiu, aged 58, an Independent Non-executive Director, the chairman of each of the Audit Committee and Remuneration Committee and a member of Nomination Committee of the Company. Mr. Lee has been a member of the Board since May 2006. Mr. Lee is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and an associate of the Hong Kong Institute of Certified Public Accountants. Mr. Lee has about 30 years of experience in commercial accounting and corporate finance. Mr. Lee has principally engaged in corporate finance and regulatory aspects in the Stock Exchange. He was an assistant vice president of the Listing Division of the Stock Exchange, and his duties included regulating and monitoring the Hong Kong listed companies in relation to their compliance with the Listing Rules and processing new listing applications. He also served as a senior consultant of an investment bank for more than 5 years.

李祿兆先生，58歲，本公司獨立非執行董事、審核委員會和薪酬委員會主席及提名委員會委員。自二零零六年五月起出任董事會成員。李先生為英國特許公認會計師公會資深會員及香港會計師公會會員。李先生在商業會計及企業融資方面擁有約三十年經驗，曾主要從事聯交所之企業融資及監管事宜。李先生曾任職聯交所上市科助理副總監，其職責包括規管及監督香港上市公司有關遵守上市規則的情況及處理新上市申請之程序。彼亦曾擔任一間投資銀行的高級顧問逾五年時間。

Biographical Details of Directors and Senior Management (Note)

董事及高級管理層履歷 (註)



Ms. MA Yun Yan, aged 55, an Independent Non-executive Director and a member of both of the Audit Committee and Remuneration Committee of the Company. Ms. Ma has been a member of the Board since September 2004. Ms. Ma graduated from the Law School of Peking University in 1984 and obtained qualification as a lawyer in China in 1986. She is now the senior Partner of Shu Jin Law Firm. Ms. Ma is currently a member of the Eighth Listing Committee of Shenzhen Stock Exchange and she was a member of its Fourth Committee. From August 2009 to August 2011, Ms. Ma was a member of the Growth Enterprises Board Public Offering Review Committee of China Securities Regulatory Committee. Ms. Ma has been dedicated to teaching and doing research in the Law School in relation to international commerce and investment aspects for 10 years. She has years of experience in the legal field in relation to the capital markets, including investment, merger and acquisition, issuance of securities, etc., and has lead-managed the issuance of shares and convertible bonds and major restructuring of numerous companies listed in PRC and Hong Kong.

麻雲燕女士，55歲，本公司獨立非執行董事、審核委員會和薪酬委員會委員，自二零零四年九月起出任董事會成員。麻女士於一九八四年畢業於北京大學法律系，一九八六年於中國內地取得律師資格，現在為廣東信達律師事務所高級合夥人。麻女士現擔任深圳證券交易所第八屆上市委員會委員，曾為上述委員會第四屆委員。麻女士由二零零九年八月至二零一一年八月止擔任中國證券監督管理委員會創業版發行審核委員會委員。彼曾經從事國際商務與投資領域的法學教學、研究工作共十年時間。彼多年從事投資、收購合併、證券發行等資本市場的法律業務，曾主辦了多家於中國及香港上市之公司的股票、可換股債券發行以及重大重組。



Mr. WU Chi Keung, aged 59, an Independent Non-executive Director and a member of both of the Audit Committee and Remuneration Committee of the Company. Mr. Wu has been a member of the Board since August 2013. Mr. Wu is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and an associate of the Hong Kong Institute of Certified Public Accountants. Mr. Wu has over 30 years of experience in financial audit, corporate restructuring and merger and acquisitions. He was a partner of Deloitte Touche Tohmatsu until he retired in December 2008.

胡志強先生，59歲，本公司獨立非執行董事、審核委員會和薪酬委員會委員，自二零一三年八月起出任董事會成員。胡先生為英國特許公認會計師公會資深會員及香港會計師公會會員。胡先生於財務審計、企業重組及收購合併方面擁有超過三十年經驗。直至二零零八年十二月退休前，彼曾為德勤•關黃陳方會計師行合夥人。

Biographical Details of Directors and Senior Management (Note)

董事及高級管理層履歷（註）

SENIOR MANAGEMENT (VICE PRESIDENT) 高級管理層（副總裁）



Mr. XIONG Qing, aged 39, a Vice President of the Company, joined the Group since May 2007. Mr. Xiong is also a director of the Company's principal subsidiaries marked with "XQ1" and the legal representative of those companies marked with "XQ2" as set out in Note 35 to the consolidated financial statements. Mr. Xiong majored in international accounting from Tsinghua University School of Economics and Management, and graduated with a Bachelor's degree in economics and he is also an EMBA degree holder of INSEAD in France. Prior to joining the Group, Mr. Xiong worked in several international investment banks for years. He has extensive experiences with Chinese enterprises and international capital market.

熊卿先生，39歲，本公司副總裁，自二零零七年五月起加入本集團。熊先生亦是載於綜合財務報表附註35分別有「XQ1」和「XQ2」符號之本公司主要附屬公司的董事及法定代表人。熊先生畢業於清華大學經濟管理學院國際會計專業，獲經濟學學士學位。熊先生亦持有法國INSEAD商學院EMBA學位。熊先生在加入本集團之前曾在多家國際投資銀行任職多年，並對中國大陸之企業以及國際資本市場方面擁有豐富經驗。



Mr. DUAN Dong, aged 50, a Vice President of the Company, joined the Group since November 2015. He held executive position in listed company. He has years of experience in business operations and human resources management.

段冬先生，50歲，本公司副總裁，自二零一五年十一月起加入本集團。彼曾在上市公司擔任高管職位，在企業營運及人力資源管理方面擁有多數年之經驗。

Biographical Details of Directors and Senior Management (Note)

董事及高級管理層履歷 (註)

SENIOR MANAGEMENT 高級管理層



Mr. CHOY Man Fai, aged 52, a vice general manager of Tobacco Products Division of the Group, joined the Group since August 2006, responsible for marketing and sales of tobacco flavours. Mr. Choy is also a director of the company's principal subsidiaries marked "FC1" as set out in the Note 35 to the consolidated financial statements. He holds a diploma of applied chemical technology of Hong Kong Polytechnic University. Mr. Choy served as a marketing manager in a number of world renowned flavours and fragrances companies. Mr. Choy has over 20 years of experience in flavours and fragrances marketing and management.

蔡文輝先生，52歲，集團煙用產品事業部副總經理，自二零零六年八月起加入本集團，負責煙用香精市場與銷售工作。蔡先生亦是載於綜合財務報表附註35有「FC1」符號之本公司主要附屬公司的董事。彼持有香港理工大學應用化學技術工藝專業文憑。蔡先生曾任職於多家國際知名香精香料公司市場銷售管理職位。蔡先生擁有超過二十年香精香料市場行銷及管理方面經驗。



Mr. SONG Jun He, aged 47, a vice general manager of Tobacco Products Division of the Group, joined the Group since August 2006. Mr. Song is also a director of the Company's principal subsidiaries marked with "SJ1" and the legal representative of those companies marked with "SJ2" as set out in the Note 35 to the consolidated financial statements. Mr. Song graduated from Anhui University and holds a Bachelor's degree in analytical chemistry, later he studied at Zhejiang University and obtained a Master's degree in management. Before joining the Group, Mr. Song was a board member of a large domestic chemical enterprise. He has comprehensive management experience in R&D and production in the field of chemical industry.

宋俊和先生，47歲，集團煙用產品事業部副總經理，自二零零六年八月起加入本集團。宋先生亦是載於綜合財務報表附註35分別有「SJ1」及「SJ2」符號之本公司主要附屬公司的董事及法定代表人。宋先生畢業於安徽大學，獲分析化學專業學士學位，後就讀於浙江大學，獲管理學碩士學位。宋先生在加入本集團前，曾在一家國內大型化工企業擔任董事會成員，具有豐富的化工行業技術研發及生產等綜合管理經驗。

Biographical Details of Directors and Senior Management (Note)

董事及高級管理層履歷（註）



Ms. YUAN Xiao Qin, aged 47, an assistant to the president and vice general manager to Tobacco Products Division of the Group, joined the Group since August 2006. Ms. Yuan is also a director of the Company's principal subsidiaries marked with "YX1" and the legal representative of those companies marked with "YX2" as set out in the Note 35 to the consolidated financial statements. Ms. Yuan holds an MBA degree and is a qualified engineer. Before joining the Group, Ms. Yuan served as executive in a Hong Kong listed state-owned enterprise. She has around 20 years of experience in senior management position. Ms. Yuan is currently the representative of the People's Congress in Shantou City, Guangdong Province, a member of the National Committee of the Chinese People's Political Consultative Conference in Chaoyang District, Shantou City and the vice president of the Federation of Industry and Commerce in Chaoyang District, Shantou City.

袁肖琴女士，47歲，集團總裁助理兼煙用產品事業部副總經理，自二零零六年八月起加入本集團。袁女士亦是載於綜合財務報表附註35分別有「YX1」和「YX2」符號之本公司主要附屬公司的董事及法定代表人。袁女士持有工商管理碩士學位及工程師資格。袁女士在加入本集團前，在一家香港上市的中國國有企業擔任管理職務，擁有近二十年的高層行政經驗。袁女士現擔任廣東省汕頭市人民代表大會代表、汕頭市潮陽區政協委員及汕頭市潮陽區工商業聯合會副主席。



Mr. CHEN Hu, aged 41, a general manager of Food Products Division of the Group, joined the Group since August 2006. Mr. Chen is also a director of the Company's principal subsidiaries marked with "CH1" and the legal representative of those companies marked "CH2" as set out in Note 35 to the consolidated financial statements. Mr. Chen holds a Bachelor's degree in economics from Central South University of Technology (now known as Central South University) and an MBA degree from Nanyang Technological University, Singapore. Before joining the Group, Mr. Chen worked for several companies and has extensive experience in investment, merger and acquisition, marketing and corporate management. Mr. Chen is currently the deputy director of China Association of Bakery & Confectionery Industry, the vice president of The Specialized Committee for Nuts and Roasted Seeds of China National Food Industry Association and the chairman of the Shanghai Food Additive and Batching Association.

陳虎先生，41歲，集團食品產品事業部總經理。自二零零六年八月起加入本集團。陳先生亦是載於綜合財務報表附註35分別有「CH1」和「CH2」符號之本公司主要附屬公司的董事及法定代表人。陳先生擁有中南工業大學（現稱中南大學）經濟學學士學位和新加坡南洋理工大學工商管理碩士學位。陳先生在加入本集團前，曾在多家企業任職，對投資、收購合併、市場營銷和企業管理方面擁有豐富經驗。陳先生現擔任中國焙烤食品糖製品工業協會副理事長，中國食品工業協會堅果炒貨專業委員會副會長及上海市食品添加劑和配料行業協會會長。

Biographical Details of Directors and Senior Management (Note)

董事及高級管理層履歷 (註)



Mr. Alan DAVIES, aged 68, the chief technical officer of tobacco flavours and general manager of Aromascape Development Centre in Germany, joined the Group since February 2007. Mr. Davies is also a director of the Company's principal subsidiaries marked with "AD1" as set out in the Note 35 to the consolidated financial statements. Mr. Davies holds a Higher National Diploma in food science of Grimsby College of Technology, United Kingdom. Mr. Davies served as a senior flavourist in charge of creation and applications in a number of world renowned flavours and fragrances companies and tobacco factory, including BBA, Carreras Rothmans, Dragoco and Symrise. Mr. Davies has over 35 years of experience in tobacco flavours.

Alan DAVIES先生，68歲，煙用香精香料技術總監，德國Aromascape研發中心總經理，自二零零七年二月起加入本集團。Davies先生亦是載於綜合財務報表附註35有「AD1」符號之本公司主要附屬公司的董事。Davies先生持有英國Grimsby College of Technology的食品科學高級國家文憑，亦曾任職多家國際知名的香精香料公司和煙廠，包括BBA、Carreras Rothmans、Dragoco及Symrise，期間擔任高級調香師及主管開發和應用，Davies先生擁有超過三十五年的煙用香精香料經驗。



Mr. ZHAO De Xu, aged 39, a general manager of Innovative Tobacco Products Division of the Group, joined the Group since February 2015. Mr. Zhao is also a director of the Company's subsidiaries marked with "DX1" as set out in the Note 35 to the consolidated financial statements. Mr. Zhao graduated from The Brandenburg University of Technology in Germany and holds a Master degree in information technology. He worked in Germany for more than 10 years. Mr. Zhao was selected as a member of China's "Thousand Talents Plan" of Xinjiang Project and as an overseas high-level talent of Jiangsu Province. He was named the "2012 China's most valuable CIO" and one project he participated was awarded the "First Class Award of Nanjing Enterprise Management Modernization Innovation Achievements". Before joining the Group, Mr. Zhao held executive position in a large diversified holding group. He has extensive experiences in the fields of corporate management, strategic and information management.

趙德旭先生，39歲，集團新型煙草製品事業部總經理，自二零一五年二月起加入本集團。趙先生亦是載於綜合財務報表附註35有「DX1」符號之本公司主要附屬公司的董事。趙先生畢業於德國勃蘭登堡州工業大學，獲信息技術碩士學位，並曾在德國工作逾十年。趙先生曾入選中國「千人計畫」新疆項目、江蘇省海外高層次人才及獲選「2012年度中國最具價值CIO」，其參與創造的項目曾榮獲「南京市企業管理現代化創新成果一等獎」。趙先生在加入本集團前，曾在大型多元化控股集團擔任高管職務，彼在企業管理、戰略與信息管理等领域擁有豐富經驗。

Biographical Details of Directors and Senior Management (Note)

董事及高級管理層履歷（註）



Mr. CHEN Cong, aged 34, head of the CEO's Office of the Group, joined the Group since January 2013. Mr. Chen graduated from Tsinghua University with a Master's degree in finance. Before joining the Group, Mr. Chen worked in a leading domestic investment bank for several years. He has extensive experiences in the field of capital operation.

陳聰先生，34歲，集團CEO辦公室主任，自二零一三年一月起加入本集團。陳先生畢業於清華大學，獲金融學碩士學位。陳先生在加入本集團前，曾在一家國內領先的投資銀行任職多年，在資本運作領域擁有豐富經驗。



Mr. ZHANG Zi Heng, aged 38, a vice general manager of Tobacco Products Division of the Group, joined the Group since July 1999. Mr. Zhang is also a director of the Company's principal subsidiaries marked with "ZH1" and the legal representative of those companies marked with "ZH2" as set out in the Note 35 to the consolidated financial statements. Mr. Zhang graduated from East China University of Science and Technology and holds a Bachelor's degree in applied chemistry (industry of fine chemistry). Mr. Zhang joined the Group after graduation, and he has served in the production, management and purchasing departments of the Group. He has extensive experiences in the field of corporate management.

張子恒先生，38歲，集團煙用產品事業部副總經理，自一九九九年七月起加入本集團。張先生亦是綜合財務報表附註35分別有「ZH1」和「ZH2」符號之本公司附屬公司的董事及法定代表人。張先生畢業於華東理工大學，獲精細化工學士學位。張先生大學畢業後即加入本集團，先後在生產、管理、採購等部門任職，在企業營運方面擁有豐富經驗。

Corporate Governance Report

企業管治報告

Corporate governance refers to the rules and incentives by which the management of a company is directed and controlled to maximize the profitability and long-term value of the firm for shareholders while taking into account the interest of other legitimate stakeholders (UK Cadbury Report 1992). The Board recognizes the importance and benefits of good corporate governance practices and has adopted certain corporate governance and disclosure practices aiming at a high level of transparency and accountability. The Company is committed to continuously improving its corporate governance practices as part of its own corporate culture.

CORPORATE GOVERNANCE

Throughout the financial year, the Company had complied with the code provisions in the CG Code and, where appropriate, adopted the recommended best practice as set out in the code provisions, except for code provisions A.2.1, A.4.1 and E.1.2:

Code provision A.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. CHU Lam Yiu, Chairwoman of the Board and Executive Director of the Company, took up the position of CEO starting from 9 April 2013. As the Board meets regularly to consider matters relating to business operations of the Group, the Board is of the view that the above arrangement will not impair the balance of power and authority of the Board and the executive management. The effectiveness of corporate planning and implementation of corporate strategies and decisions will generally not be affected.

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. The INEDs of the Company were not appointed for a specific term as they are subject to retirement by rotation no later than the third AGM of the Company since their last appointment or re-election and are eligible for re-election in accordance with the Company's bye-laws. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the CG Code.

企業管治乃引導及監控公司管理層之規則及動力，以為股東取得已兼顧其他合法持份者之權益的最大企業盈利及長期價值（英國Cadbury報告1992）。董事會重視良好企業管治常規之重要性及益處，並已採納若干企業管治及披露常規，力求提高透明度及問責水平。本公司將不斷致力於提升企業管治作為本身企業文化之一部份。

企業管治

於本財政年度內，本公司已遵守企業管治守則之守則條文，並在適當的情況下採納守則條文所載之建議最佳常規，惟守則條文第A.2.1條、第A.4.1條及第E.1.2條除外：

守則條文第A.2.1條規定，主席與行政總裁的角色應有區分，且不應由一人同時兼任。本公司董事會主席兼執行董事朱林瑤女士自二零一三年四月九日起兼任首席執行官職務。由於董事會定期舉行會議討論有關本集團業務營運的事項，故董事會認為有關安排將不會損害董事會與執行管理層之間之權責平衡，公司的規劃、策略的執行及決策的效率大致上將不會受到影響。

守則條文第A.4.1條規定，非執行董事之委任須有指定任期，並須接受重新選舉。本公司之獨立非執行董事並無指定任期，但須根據本公司之公司細則於其上次獲委任或重選後不遲於本公司隨後舉行之第三屆股東週年大會上輪值告退，並符合資格膺選連任。因此，本公司認為已採取充分措施，以確保本公司企業管治常規不比企業管治守則所載之規定寬鬆。

Corporate Governance Report

企業管治報告

Code provision E.1.2 stipulates that the chairman of the Board who should also invite chairmen of sub-board committees to attend the annual general meeting. Ms. CHU Lam Yiu, the Chairwoman of the Board and chairwoman of Nomination Committee of the Company, due to attendance of another business commitment of the Company, had been unable to attend the annual general meeting of the Company held on 6 August 2015 (the "2015 AGM"). In order to ensure smooth holding of the 2015 AGM, the Chairwoman of the Board authorized and the Directors attended the meeting elected Mr. POON Chiu Kwok, the Executive Director of the Company, to chair the meeting on behalf of the Chairwoman of the Board. Respective chairmen of the Audit and Remuneration Committees and members of Nomination Committee of the Company were present and answered relevant questions at the 2015 AGM.

Enhancing corporate governance is not simply a matter of applying and complying with the CG Code but about promoting and developing an ethical and healthy corporate culture. The Directors will continue to review and, where appropriate, improve the current practices of the Company on the basis of the experience and regulatory changes to enhance the confidence of shareholders of the Company, and to safeguard shareholders' interest for assuring healthy business developments.

Changes in Information in respect of Directors

In accordance with Rule 13.51B(1) of the Listing Rules, the changes in information required to be disclosed by directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) subsequent to the date of the Interim Report as of 30 September 2015 of the Company are set out below:

1. Mr. LEE Luk Shiu was appointed as an independent non-executive director of Yee Hop Holdings Limited (listed on the Stock Exchange on 18 December 2015) with effect from 25 November 2015.
2. Mr. POON Chiu Kwok was appointed as an independent non-executive director of Sany Heavy Equipment International Holdings Company Limited (listed on the Stock Exchange) with effect from 18 December 2015.
3. Mr. LAM Ka Yu was re-designated as Executive Director of the Company with effect from 4 March 2016.
4. Mr. WU Chi Keung was appointed as an independent non-executive director of Huajin International Holdings Limited (listed on the Stock Exchange on 15 April 2016) with effect from 23 March 2016.

守則條文第E.1.2條規定，董事會主席須出席股東週年大會，並邀請董事會轄下委員會的主席出席。本公司之董事會主席兼提名委員會主席朱林瑤女士由於需要兼顧本公司其他業務，未能出席本公司於二零一五年八月六日舉行的股東週年大會（「二零一五年股東週年大會」）。為確保二零一五年股東週年大會能順利舉行，受董事會主席委託並經出席大會的董事推舉，本公司執行董事潘昭國先生代表董事會主席主持該會議，審核及薪酬委員會主席及提名委員會委員均有出席二零一五年股東週年大會以回答會上之相關提問。

提升企業管治水平並非僅為應用及遵守企業管治守則，乃為推動及發展具道德與健全的企業文化。為保證業務健康發展，董事將按經驗及監管條例之變動，持續檢討並在適當的情況下提升本公司之現行常規，以加強本公司股東信心和保障股東利益。

董事資料更新

根據上市規則第13.51B(1)條，按照第13.51(2)條(a)至(e)和(g)段要求，於本公司截至二零一五年九月三十日止之中期報告日期之後的董事資料變動載列如下：

1. 李祿兆先生獲委任為義合控股有限公司（二零一五年十二月十八日於聯交所上市）之獨立非執行董事，自二零一五年十一月二十五日起生效。
2. 潘昭國先生獲委任為三一重裝國際控股有限公司（於聯交所上市）之獨立非執行董事，自二零一五年十二月十八日起生效。
3. 林嘉宇先生調任為本公司之執行董事，自二零一六年三月四日起生效。
4. 胡志強先生獲委任為華津國際控股有限公司（二零一六年四月十五日於聯交所上市）之獨立非執行董事，自二零一六年三月二十三日起生效。

Corporate Governance Report

企業管治報告

THE BOARD

Board Composition

The Company has a well-balanced Board. The Board comprises four Executive Directors and four INEDs. The members of the Board are as follows:

Executive Directors

Ms. CHU Lam Yiu	(Chairwoman and CEO)
Mr. XIA Li Qun (Note 1)	(Vice Chairman and CFO)
Mr. POON Chiu Kwok	(Company Secretary)
Mr. LAM Ka Yu (Note 2)	

Independent Non-executive Directors

Dr. DING Ningning
Mr. LEE Luk Shiu
Ms. MA Yun Yan
Mr. WU Chi Keung

Notes:

1. Re-designated as Vice Chairman on 18 November 2015
2. Re-designated as Executive Director on 4 March 2016

There is no relationship (including financial, business, family or other material relationship) between any members of the Board, except for Ms. CHU Lam Yiu is the mother of Mr. LAM Ka Yu (the Executive Director of the Company). Biographies of the Directors are set out on pages 42 to 50 of this annual report. The present Board has experience, expertise, and qualifications in aspects of production, management, accounting and finance, legal and regulatory both in Hong Kong and China. Two out of four INEDs possess recognized professional qualification in accounting. The INEDs bring independent judgment, professional knowledge and experience appropriate for the Board's deliberations. All Directors have relevant qualifications in relevant field of expertise and have exhibited personal and professional ethics and integrity. The diversity of experiences and backgrounds enables the Board to enhance better corporate governance and performance standard and to bring in valuable contributions and objective advices for the development of the Group's businesses.

董事會

董事會成員

本公司有一個全面化的董事會。董事會由四名執行董事及四名獨立非執行董事組成。董事會成員如下：

執行董事

朱林瑤女士	(主席兼首席執行官)
夏利群先生 (附註1)	(副主席兼首席財務官)
潘昭國先生	(公司秘書)
林嘉宇先生 (附註2)	

獨立非執行董事

丁寧寧博士
李祿兆先生
麻雲燕女士
胡志強先生

附註：

1. 於二零一五年十一月十八日調任為副主席
2. 於二零一六年三月四日調任為執行董事

董事會成員之間並無任何關係(包括財務、業務、家屬或其他重大關係)，除了朱林瑤女士及林嘉宇先生(本公司執行董事)為母子關係。董事履歷載於本年報第42至50頁。現時之董事會於生產、管理、會計及金融、法律以及香港和中國規管方面具有經驗、專長及資格。四名獨立非執行董事當中兩名擁有認可的會計專業資格。獨立非執行董事為董事會議事提供適當專業的知識、經驗及獨立判斷。所有董事在其專業範圍內擁有相關資歷，並顯示了個人專業操守和誠信。董事會的多元化經驗及背景可提升良好企業管治表現及標準，並為本集團業務發展帶來寶貴貢獻及客觀建議。

Corporate Governance Report

企業管治報告

During the year ended 31 March 2016, the Board met the requirements of the Listing Rules relating to the appointment of independent non-executive directors representing at least one-third of the board, with at least one independent non-executive director possessing appropriate qualification, or accounting or related financial management expertise (in compliance with Rule 3.10 of the Listing Rules). The Company has received, from each of the INEDs, an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the INEDs are considered to be independent pursuant to the Listing Rules.

Chairwoman and Chief Executive Officer

Ms. CHU Lam Yiu is the Chairwoman of the Board (responsible for the management of Board operation and development of the Group's strategic planning) and Executive Director of the Company. She took up the position of CEO (responsible for important management and business decisions making of the Group) since 9 April 2013. Ms. Chu has extensive experience in business operation and strategic planning. The Board believes that Ms. Chu, by taking up the roles of the Chairwoman and CEO concurrently, is beneficial to the business development and management of the Group.

Mr. XIA Li Qun as Vice Chairman, is responsible for the daily operational management of the Group and report to the CEO directly.

There are guidelines setting out the authority and duties of the Chairwoman and the CEO, details of which were set out in the Corporate Governance Report of the Company's annual report from year 2007/2008 to year 2012/2013. With the support of Mr. XIA Li Qun as the Vice Chairman (being re-designated on 18 November 2015), the Company Secretary and the Qualified Accountant, the Chairwoman shall ensure that all Directors are properly briefed on issues arising at board meetings and receive adequate, complete, reliable and timely information for making decisions. Apart from the above, the Chairwoman is also responsible for the duties as specified in code provisions A.2.4 to A.2.9 of the CG Code.

於截至二零一六年三月三十一日止年度內，董事會符合上市規則有關委任佔董事會成員人數至少三分之一的獨立非執行董事，並且其中至少一名獨立非執行董事須具備適當的專業資格，或具備相關適當的會計或相關的財務管理專長之規定（遵守上市規則第3.10條的規定）。根據上市規則第3.13條，本公司已獲得各獨立非執行董事之年度獨立性確認書。董事會已評估彼等之獨立性，並認為全體獨立非執行董事根據上市規則均被視為獨立。

主席與首席執行官

朱林瑤女士為本公司董事會主席（負責領導董事會的運作及本集團的戰略規劃）兼執行董事，彼自二零一三年四月九日起兼任首席執行官（負責本集團重大管理及業務決策）職務。朱女士於企業營運和策略規劃方面具有豐富經驗，董事會相信朱女士同時出任主席及首席執行官之職，有利於本集團的業務發展及管理。

夏利群先生兼任副主席，負責本集團日常營運管理工作，並直接向首席執行官匯報。

主席與首席執行官之權力及職責訂有指引，詳情已刊載於本公司二零零七／二零零八年度至二零一二／二零一三年度之年報內的企業管治報告。主席於副主席夏利群先生（於二零一五年十一月十八日調任）、公司秘書及合資格會計師的支持下，須確保所有董事就於董事會會議提出的事項得到適當說明，並獲得充足完整、可靠和及時的資料以作出決策。除上述外，主席亦負責企業管治守則條文第A.2.4至A.2.9條指定之職務。

Corporate Governance Report

企業管治報告

Roles and Responsibilities of Directors

The primary objective of the Board is to maximize the profitability of the Company and to safeguard and enhance long-term value of the Company for the shareholders. To this end, the Board assumes the responsibilities for leadership and control of the Company and oversees the businesses, strategic development direction, financial performance and corporate governance of the Group. All new board members have been given information on the general business background and policy of the Company on joining the board. All Directors have been provided with regular trainings by external experienced lawyers to update and refresh the applicable legal and other regulatory requirements and enhance the knowledge and skills required from Directors to perform their duties.

The Board, led by the Chairwoman, is collectively responsible for formulating and approving the business strategies of the Company, setting objectives for management, overseeing its performance and assessing the effectiveness of management strategies.

The Executive Directors are responsible for the day-to-day management of the Company's operations and conduct meetings with senior management of the Group at which operational issues and financial performance are evaluated.

The bye-laws of the Company set out the responsibilities and proceedings of the Board. Significant operational policies have to be discussed and approved by the Board. To enable the Directors to meet their obligations, an appropriate organizational structure is in place with clearly defined responsibilities and limits of authority.

The Company has arranged appropriate insurance cover for the Directors and senior management of the Company in respect of legal action against them in the course of execution of their duties in good faith.

Board Meetings

The Board conducts scheduled board meetings on a quarterly basis to discuss strategies and business issues, including financial performance of the Group. Details of attendance of the Directors at the physical meetings are set out on page 71 of this annual report.

Notices of board meeting are given to each member of the Board at least 14 days prior to the meeting, whereby the Director can put forward his/her proposed items into the agenda. The agenda and the relevant board papers are then circulated to the Directors at least 3 days before a board meeting is convened to enable them to make informed decisions at the meeting.

董事的角色和責任

董事會之主要目的乃為股東創造本公司最大利潤及提高和保護其長期價值。為此，董事會負有領導和控制本公司，監察本集團業務及策略發展方向、財務表現和企業管治的責任。所有加入董事會的新成員均獲有關本公司一般業務背景和政策之資料。全體董事均獲經驗豐富的外聘律師提供定期培訓，以更新適用法規及監管規定要求和增進董事履行職責時所需的知識技能。

在主席領導下，董事會集體負責制定審批公司的業務策略、為管理層設立目標、監督業務表現和評估管理策略的有效性。

執行董事負責公司日常業務管理。彼等與集團的高級管理人員開會，評估各項業務運作及財務表現。

本公司之公司細則載有關於董事會責任及議事程序的條文。重大業務政策均須經董事會討論和審批。為確保董事履行職責，公司設有適當的組織架構和清晰的責任和權限。

本公司已就董事及本公司之高級管理層，在真誠善意地執行職責時可能招致任何法律訴訟，為彼等安排適當保險保障。

董事會會議

董事會每季舉行預定的董事會會議，討論政策和業務事宜，包括本集團財務表現。董事出席會議的紀錄載於本年報第71頁。

本公司會在會議舉行前最少十四日向各董事會成員派發董事會會議通告，而董事可將其建議項目加入會議議程。會議議程及有關會議文件會在董事會會議舉行前最少三日供董事傳閱，以便彼等在會上作出知情決定。

Corporate Governance Report

企業管治報告

Drafts of the board minutes and board committee meeting minutes are circulated to all Directors and the relevant board committee members respectively for their review and comments before finalization. The final version of these minutes will be kept by the Company Secretary and are open for inspection by the Directors and committee members. If a Director has an interest in a matter to be considered at a board meeting, the Board will ensure that an adequate number of independent directors are involved in the consideration of the relevant resolutions, and the relevant director(s) having an interest in the matter will abstain from voting.

Every Director is entitled to have access to Board papers and relevant materials and have unrestricted access to advice and services of the Company Secretary/Legal Department of the Company with a view to ensuring that board procedures and all applicable rules and regulations are followed. Directors are able to seek independent professional advice as and when required at the Company's expense. INEDs are encouraged to take an active role in board meetings and serve on the sub-board committees.

During the financial year, the Chairwoman has held a meeting with the INEDs without the presence of Executive Directors.

Directors' Appointment and Re-election

Although all the Directors were not appointed for a specific term, every Director shall, in accordance with bye-law 87 of the Company, retire from office by rotation no later than the third AGM of the Company since their last appointment or re-election and are eligible for re-election.

Directors' Interests and Securities Transactions

The Company has adopted the Model Code as the code of conduct regarding dealing in the securities of the Company by the Directors. Having made specific enquiries of all Directors, the Company has received their written confirmations that they have complied with the required standard as set out in the Model Code throughout the financial year. Full details of the Directors' interests in the shares are set out on page 86 of this annual report.

Delegation of Directors

The Board may from time to time delegate all or any of its powers that it may think fit to a director or member of senior management of the Company. The Board has formulated specific rules and policies on such delegation of power to facilitate efficient operation of the Company and is supported by three committees which are Remuneration Committee, Audit Committee and Nomination Committee.

董事會及董事委員會會議紀錄的初稿於定稿前，分別會提交董事及有關董事委員會成員審閱和表達意見，會議紀錄最後版本由公司秘書保管，可供所有董事及委員會委員查閱。如個別董事在董事會會議擬考慮的事項中存有利益，該(等)董事需放棄投票，董事會將確保有足夠的獨立董事參與會議並作出決策。

各董事均有權查閱董事會文件及有關資料，以及不受限制地取得公司秘書／本公司法務部門的意見及服務，確保董事會程序及所有適用規則及規例均獲得遵守。董事亦可在有需要時徵求獨立專業意見，有關費用由本公司支付。本公司鼓勵獨立非執行董事積極參與董事會會議，並擔任董事會轄下委員會委員。

於本財政年度內，主席已與獨立非執行董事舉行一次沒有執行董事出席的會議。

董事之委任和重選

雖然所有董事的委任均沒有指定任期，根據本公司之公司細則第87條，所有董事須於其上次獲委任或重選後不超過第三屆本公司股東週年大會上輪值告退，並符合資格膺選連任。

董事權益和進行證券交易

本公司已採納標準守則，作為董事進行本公司證券交易的操守準則。經向全體董事作出特定查詢後，本公司已收到全體董事之書面確認彼等在整個財政年度內已遵守標準守則所規定之標準。董事權益詳情載列於本年報第86頁。

董事的委託

董事會亦可不時將其所有或任何權力授予其認為適當的本公司董事或高級管理層成員。董事會在薪酬委員會、審核委員會及提名委員會三個委員會支持下就有關授權制定清晰明確的規則及政策，使本公司更有效地營運。

Corporate Governance Report

企業管治報告

BOARD COMMITTEES

The Company has maintained the Remuneration Committee, Audit Committee and Nomination Committee. Each of these committees has specific written terms of reference which deal clearly with their authority and duties. The chairman of the committees will report their findings and make recommendations to the Board after each meeting.

Remuneration Committee

The Remuneration Committee consists of three INEDs, namely Mr. LEE Luk Shiu (the chairman of Remuneration Committee), Ms. MA Yun Yan, Mr. WU Chi Keung, and an Executive Director, Mr. XIA Li Qun.

The Remuneration Committee's responsibilities include making recommendations for approval by the Board with respect to matters relating to the remuneration of Executive Directors and senior management. The terms of reference of the Remuneration Committee was published on the Company's website at www.huabao.com.hk and on the Stock Exchange's website at www.hkexnews.hk. In discharging its responsibilities, the Remuneration Committee has performed the following works:

- To review and make recommendations on the Company's policies and structure for the remuneration of the Executive Directors and senior management;
- To evaluate remuneration packages of the Executive Directors by reference to market conditions, performance of the Group and the individual and corporate goals and objectives as set by the Board from time to time, and make recommendations on the remuneration of the INEDs for the Board's approval; and
- To review and evaluate the Company's Share Option Scheme.

Directors will abstain from voting in determining their own remuneration packages. During the year ended 31 March 2016, the Remuneration Committee met once regarding the emolument packages of the Directors and senior management and the remuneration packages for Mr. LAM Ka Yu (being re-designated as Executive Director). The individual attendance of Remuneration Committee members at meetings is set out on page 71 of this annual report. Details of the emolument of the Directors are set out in Note 25 to the consolidated financial statements while details of the Share Option Scheme and the share options granted to the Directors and senior management are set out on pages 81 to 84 of this annual report.

董事委員會

本公司設有薪酬委員會、審核委員會和提名委員會。各委員會已訂明書面職權範圍，清晰確定其責任和授權。委員會主席在每次會議後向董事會匯報和作出建議。

薪酬委員會

薪酬委員會由三名獨立非執行董事，即李祿兆先生（為薪酬委員會主席）、麻雲燕女士和胡志強先生，連同一名執行董事夏利群先生組成。

薪酬委員會之主要職責包括就有關執行董事及高級管理層的薪金事宜向董事會作出推薦意見，以備董事會通過。薪酬委員會的職權範圍已刊登於本公司網站www.huabao.com.hk和聯交所網站www.hkexnews.hk。為履行其職責，薪酬委員會已進行下列工作：

- 檢閱本公司之執行董事及高級管理層之薪酬政策及架構並作出推薦意見；
- 參考市場水平、本集團業務表現及董事會不時訂立之個別及企業目標及目的，評估執行董事之薪酬組合，並就獨立非執行董事之薪酬作出推薦意見以備董事會通過；及
- 審閱及評估本公司之購股權計劃。

董事須就釐定彼等薪酬組合時放棄投票。於截至二零一六年三月三十一日止年度內，薪酬委員會就審閱本公司董事和高級管理層的薪酬組合及林嘉宇先生調任執行董事之薪酬待遇，召開一次會議。各薪酬委員會委員出席會議的紀錄載於本年報第71頁。董事之薪金詳情載於綜合財務報表附註25而購股權計劃詳情及授予董事和高級管理層之購股權亦載於本年報第81至84頁。

Corporate Governance Report

企業管治報告

Audit Committee

The Audit Committee comprises four INEDs, namely Mr. LEE Luk Shiu (the chairman of Audit Committee), Dr. DING Ningning, Ms. MA Yun Yan and Mr. WU Chi Keung.

The principal responsibilities of the Audit Committee include assisting the Board in maintaining a high standard of corporate governance, developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board, particularly by providing independent review of the effectiveness of the Company's financial reporting process and material internal controls, including financial, operational, compliance and risk management controls and, to maintain good and independent communications with the management as well as auditors of the Company. The Audit Committee is also responsible for performing the corporate governance duties set out in the terms of reference under code provision D.3.1 of the CG Code as delegated by the Board. In discharging its responsibilities, the Audit Committee has performed the following work:

- To review the financial budget and planning including the annual and interim financial statements and results announcements during the financial year;
- To discuss with the external auditors and the management on possible accounting risks;
- To review the effectiveness of the Group's financial controls, corporate governance, internal controls and risk management systems;
- To review the sufficiency of manpower, resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions;
- To approve the audit fees and terms of engagement of the external auditors;

審核委員會

審核委員會由四名獨立非執行董事，即李祿兆先生（為審核委員會主席）、丁寧寧博士、麻雲燕女士和胡志強先生組成。

審核委員會主要職責為協助董事會維持高水平企業管治，制定及檢討本公司的企業管治政策及常規，並向董事會提出建議，尤其是就本公司的財務匯報流程之有效性和重大內部監控包括財務、運作、合規和風控提供獨立意見，以及與本公司管理層及核數師保持良好及獨立的溝通。審核委員會已獲董事會授權，負責履行載列於職權範圍內有關企業管治守則條文第D.3.1條之職能。履行其職責時，審核委員會已進行下列工作：

- 審閱財政年度內之財務預算及籌資計劃，包括全年及中期財務報表及業績公佈；
- 與外聘核數師及管理層就潛在會計風險作出討論；
- 檢討本集團之財務監控、企業管治、內部監控及風險管理系統之有效性；
- 檢討處理會計、內部審核及財務匯報職能方面的人手、資源、員工資歷經驗及接受的培訓課程及有關預算是否充足；
- 批准外聘核數師之核數費用及委任任期；

Corporate Governance Report

企業管治報告

- To review the independence of the external auditors and make recommendations to the Board on the re-appointment of the external auditors; and
- To review and monitoring the Company's policies and practices on compliance with corporate governance and other legal and regulatory requirements, and to report to the Board on their decisions or recommendation.
- 審閱外聘核數師之獨立性及就續任外聘核數師向董事會作出推薦意見；及
- 檢討及監察本公司在遵守企業管治及其他法律及監管規定方面的政策及常規，並向董事會匯報其決定或建議。

The terms of reference of Audit Committee was published on the Company's website at www.huabao.com.hk and on the Stock Exchange's website at www.hkexnews.hk.

審核委員會的職權範圍已刊登於本公司網站 www.huabao.com.hk 和聯交所網站 www.hkexnews.hk。

The Audit Committee meets regularly with the Company's external auditors to discuss accounting issues, and reviews the effectiveness of risk management and internal control systems. During the year ended 31 March 2016, the Audit Committee met twice for reviewing the financial reports for 2014/2015 audited annual results and 2015/2016 interim results (including the Company's compliance with the CG Code and the contents disclosed in the Corporate Governance Report) and the effectiveness of the Group's risk management and internal controls system. The individual attendance of Audit Committee members at meetings is set out on page 71 of this annual report. Members of the Audit Committee were satisfied with the Company's risk management and internal control systems and the financial reporting disclosures.

審核委員會與公司的外聘核數師定期開會討論會計問題，並檢討風險管理及內部監控系統之有效性。於截至二零一六年三月三十一日止年度內，審核委員會舉行兩次會議以審閱二零一四／二零一五年度之經審核全年業績及二零一五／二零一六年度之中期業績（包括本公司遵守企業管治守則情況和於企業管治報告中披露的內容）以及檢討本集團之風險管理及內部監控系統之有效性。各審核委員會委員出席會議的紀錄載於本年報第71頁。審核委員會委員對本公司之風險管理及內部監控系統和財務報告的披露表示滿意。

The Audit Committee of the Company has reviewed the Group's audited annual results for the year ended 31 March 2016.

本公司審核委員會已審閱本集團截至二零一六年三月三十一日止年度之經審核全年業績。

Nomination Committee

The Nomination Committee comprises an Executive Director, Ms. CHU Lam Yiu (the chairwoman of Nomination Committee) and two INEDs, namely Dr. DING Ningning and Mr. LEE Luk Shiu.

提名委員會

提名委員會由一名執行董事，朱林瑤女士（為提名委員會主席）和兩名獨立非執行董事，即丁寧寧博士和李祿兆先生組成。

Corporate Governance Report

企業管治報告

The principal responsibilities of the Nomination Committee include formulating nomination policy for the Board's consideration and implementing the Board's approved nomination policy, considering the development targets and strategies of the Company and the skills mix needed in respect of the Board, and making recommendations to the Board on the appointment of directors and succession planning for directors. The terms of reference of the Nomination Committee was published on the Company's website at www.huabao.com.hk and on the Stock Exchange's website at www.hkexnews.hk. In discharging its responsibilities, the Nomination Committee has performed the following work:

- To review the structure, size and composition of the Board and diversity of Board members, and make any proposed changes to the Board according to the Company's corporate strategy;
- To consider the development targets and strategies of the Company and the skills mix needed in respect of the Board, and make recommendations to the Board;
- To assess the independence of INEDs and review the INEDs' annual confirmations on their independence; and make disclosure of its review results in the Corporate Governance Report;
- To review the time required from a Director to perform his/her responsibilities; and
- To make recommendations to the Board on the appointment or re-appointment of directors.

Board Diversity Policy

The Company adopted a board diversity policy in September 2013 (the "Policy") which sets out the approach to achieve diversity on the board by considering a number of factors and measurable objectives, including without limitation, gender, age, cultural and educational background, professional skills, knowledge, experience and length of service, in order to maintain an appropriate range and balance of talents, skills, experience and background of the Board. Appointments of Board members shall be based on merit, and candidates will be assessed based on objective criteria. The Company will also take into account factors based on its own business model and specific needs from time to time. The Nomination Committee will monitor the implementation of the Policy; review the Policy from time to time, as appropriate; report to the Board on their decisions or propose recommendations on any amendments for the Board's review and approval, to ensure the effectiveness of the Policy.

提名委員會之主要職責為制定提名政策供董事會考慮，並執行經董事會批准的提名政策，考慮公司發展目標策略和董事會所需的技能組合，以及就董事委任和董事的繼任計劃向董事會提出建議。提名委員會的職權範圍已刊登於本公司網站www.huabao.com.hk和聯交所網站www.hkexnews.hk。履行其職責時，提名委員會已進行下列工作：

- 檢討董事會的架構、人數、組成及成員的多元化，並按公司的企業策略向董事會提出任何改動建議；
- 考慮公司發展目標策略及董事會所需的技能組合，然後向董事會提出建議；
- 評核獨立非執行董事的獨立性及審視獨立非執行董事就其獨立性而作出的年度確認；並在《企業管治報告》內披露檢討結果；
- 檢討董事履行其責任所需付出的時間；及
- 就董事的委任或重新委任向董事會提出建議。

董事會成員多元化政策

本公司於二零一三年九月採納之董事會成員多元化政策（本「政策」）載列董事會為達致成員多元化而採取的方針，當中會考慮多項因素及可計量目標，包括但不限於性別、年齡、文化及教育背景、專業技能、知識、經驗及服務任期方面，以確保董事會的才能、技能、經驗及背景有恰當的比重及權衡。董事會成員的委任均以用人唯才為原則，在考慮人選時以客觀條件進行評估，本公司亦會根據本身的業務模式及與時並進的特定需要去考慮各種因素。提名委員會將監察本政策的執行，在適當時候作出檢討，向董事會匯報其討論決定或提出任何修訂建議，並交由董事會審批，以確保本政策持續有效。

Corporate Governance Report

企業管治報告

During the year ended 31 March 2016, the Nomination Committee met twice for reviewing the board structure, the diversity of Board members and the commitment of Directors, including considering the re-designation of Mr. XIA Li Qun as Vice Chairman and re-designation of Mr. LAM Ka Yu as Executive Director of the Company, and making recommendations to the Board. The Nomination Committee considered that the composition of the Board is well balanced and diversified in terms of gender, age, educational background, professional skills and experience. It meets with the needs of the business operations and development of the Group. The Board is of the view that every Director has dedicated sufficient time and attention to the affairs of the Company. Each Director had disclosed to the Company at the time of his/her appointment of the directorships held in other listed companies or nature of offices held in public organizations and other significant commitments. The Company has also requested Directors to provide in a timely manner any change in such information. The individual attendance of Nomination Committee members at meetings is set out on page 71 of this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has full responsibility for maintaining an integrated and effective risk management and internal control systems of the Group, which includes the establishment of a defined management structure with specified limits of authority. The internal control system is designed to assist in the achievement of business objectives of the Group, safeguarding assets against unauthorized use or disposition, ensuring the proper maintenance of accounting records for the provision of reliable financial information for internal use or for publication and ensuring compliance with relevant legislation and regulation. The internal control system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The internal control system (embedded in the operations of the Company and forms part of the Company's culture) includes:

- effectiveness and efficiency of operations;
- capability in responding quickly to evolving risks to the business arising from factors within the company and to the change in business environment; and include procedures for reporting immediately to appropriate management levels regarding any significant control weakness that are identified together with details of corrective action being undertaken;
- reliability of financial reporting; and
- compliance with applicable laws and regulations.

於截至二零一六年三月三十一日止年度內，提名委員會就檢討董事會的架構、成員的多元化和董事履行職務的情況，包括調任夏利群先生為副主席及調任林嘉宇先生為執行董事召開兩次會議，並向董事會提出建議。提名委員會認為董事會的組成結構平衡得宜，不論在性別、年齡、教育背景、專業技能及經驗上均呈現多元化，亦配合集團的業務運作及發展需求。董事會確認每名董事均已投入足夠時間及精神處理公司之事務。每名董事於接受委任時均會向公司披露於其他上市公司之董事職務或於公眾組織所擔任之職位性質以及其他重大承擔。公司亦已要求董事適時向公司提供該等資料之任何變動。各提名委員會委員出席會議的紀錄載於本年報第71頁。

風險管理及內部監控

董事會全權負責維持健全和有效的集團風險管理及內部監控系統，包括制定管理層架構及其相關之權限。內部監控系統旨在協助達成本集團業務目標、保護資產以防未經授權之使用或處理、確保會計紀錄得以妥善保存，以便提供可靠的財務資料供內部使用或對外發放，並確保遵守相關法例與規則，為無重大失實陳述或損失提供合理的、非絕對的保證。內部監控系統已嵌入本公司營運和成為其文化之一，包括：

- 營運的效益及效率；
- 能對由本公司內在因素所產生的業務風險及對營商環境的改變迅速作出反應，並包括向合適的管理層即時匯報經確認的任何重大監控弱點，及應採取的糾正行動的程序；
- 財務報告的可靠性；及
- 遵守適用的法律和法規。

Corporate Governance Report

企業管治報告

The key procedures that the Board established to provide effective internal controls are as follows:

Organizational Structure

An appropriate organizational structure is in place with defined operating policies and procedures as well as responsibility and lines of authority.

Authority and Control

The Executive Directors and senior management are delegated with respective levels of authorities to carry out the corporate strategies and policies and related matters formulated by the Board.

Budgetary Control and Financial Reporting

The Group implements budget management and the financial budget is executed upon approval by the Board. Relevant procedures have been established to assess, review and approve major capital and recurring expenditures, and regular review and comparison between operating results and the budget are made.

The Group has established appropriate internal control procedures to ensure accurate and complete accounting and management records are kept on a timely basis. Examination and review are carried out regularly to ensure that the financial statements are properly prepared in conformity with the generally accepted accounting principles, the Group's accounting policies and the applicable laws and regulations.

Risk Management

The Group has Legal and Compliance Departments which is led by experienced professional legal staff, together with other business functions (including Internal Audit Department) to monitor and assess risk regularly, boost related management standards and evaluate investment projects. The Company has engaged a reputable law firm, Herbert Smith Freehills as its annual retainer counsel for provision of legal advice relating to compliance of Listing Rules and regulatory requirements.

Internal Audit

The Company has set out internal audit team with scope of works advised by the Audit Committee.

董事會為有效的內部監控已設立的主要程序，如下：

組織結構

設有適當的組織結構和明確的營運政策和程序以及責任和授權。

授權和監控

授予執行董事和高級管理層適當的權力執行企業政策及策略和董事會制定的相關事項。

預算控制和財務匯報

本集團實施預算管理，財務預算經董事會批准後執行。已設有相關程序評估、檢討和批准重大經常性資本支出，和定期比較預算與經營業績。

本集團設有適當的內部監控程序確保按時準確地和完整地記錄財務會計賬目。定期檢查和檢討確保會計賬目按一般公認會計原則、本集團會計政策和適用的法律規則等記帳。

風險管理

本集團設有法務及合規部，其中以資深的專業法務人員為首，連同其他業務部門（包括內部審計部門），定期監測和評估風險、提升相關管理水平和評估投資項目。本公司已聘用一間著名律師事務所—史密夫斐爾律師事務所作為其常年法律顧問，就上市規則和監管要求的合規性提供法律意見。

內部審計

本公司設立內部審計組，其工作範疇經由審核委員會建議。

Corporate Governance Report

企業管治報告

Internal Control Review

During the reporting period, the internal audit team had carried out an annual review on the internal control system including financial, operational and compliance control, and risk management functions. The review adopts a risk-based approach to create and review the effectiveness of an internal control system and includes the following works:

- (i) To follow up the enhancement progress in response to the previous recommendations from an external independent expert in respect of internal control system;
- (ii) To carry out a high level review on the internal control system of new members/businesses of the Group under the principles set out by The Committee of Sponsoring Organizations of the Treadway Committee ("COSO") covering major control aspects; and
- (iii) To arrange site visit and perform focused walk through test on the internal control system of members of the Group on a selective basis pursuant to the principles of COSO.

The Company has adopted a set of risk management and internal control policies and procedures to safeguard the Group's assets, to ensure proper maintenance of accounting records and reliability of financial information, and to ensure compliance with relevant laws and regulations.

The Directors and senior management of the Company received the information about local, market and the competitors' dynamic movements each week and their understanding of the risk assessment is enhanced through the on-the-job training and regular senior management meetings, at which they discuss cases of the potential risk management.

Identification, assessment and management:

- The head of each department such as the Investment Department, Finance Department and the Board of the Company will inform and report to the relevant Directors regarding the factors that have impact on the profit and price based on the nature of business and their own experience. During the course of execution, the concerned project teams of the Company will handle relevant documents and report to the relevant personnel (including the Directors).

內部監控評估

於報告期內，內部審計組對內部監控系統（包括財務、營運和合規監控和風險管理功能）進行年度評估。評估採用風險導向方式塑造和檢討內部控制系統成效，包括下列工作：

- (i) 回應過往外部獨立專家的意見，跟進提升內部監控系統的進度；
- (ii) 根據The Committee of Sponsoring Organization of the Treadway Committee (「COSO」) 所訂之原則，當中包括檢討各重大之監控範疇，對集團新成員或業務的內部監控系統進行高層次檢查；和
- (iii) 隨機到訪本集團之廠房和根據COSO的原則對其內部監控系統進行專項穿行測試。

本公司已採納一套風險管理及內部監控政策及程序，以保障本集團資產，確保會計記錄妥善保存及財務資料的可靠性，以及確保遵守相關法律及法規。

本公司的董事及高級管理層每星期都會收到週報資料（包括地方、市場及競爭對手的動態），透過定期的高級管理層會議討論有關潛在的風險管理個案及在職培訓以增加董事及高級管理層對風險評估的認知。

辨認、評估及管理：

- 本公司的部門主管（包括投資部、財務部及董事會）會根據業務性質及自身經驗，針對那些對盈利或價格有影響的因素知會有關董事及作出匯報。當有關的狀況執行中時，本公司相關專案小組會處理專案文件，並向有關人員（包括董事）匯報情況。

Corporate Governance Report

企業管治報告

- As for the matters as required to be disclosed under the Listing Rules, the Compliance Department will present the issues to the Board for review and discussion, and the Legal Department will inform relevant members of the project team that dealing in the shares of the Company is prohibited.

Review prior to the transactions:

- Generally, the price sensitive information forms regarding the daily operation and connected transactions of the Company will be circulated to relevant departments at the beginning of every month by the Finance Department, and the Finance Department combine and submit the forms to the Compliance Department for general review in the middle of each month, ensuring that there are no any material omissions.

During the financial year, internal audit team has presented its review report and make recommendations to the Audit Committee and the Audit Committee has discussed with the management and reported the progress of the work plan and related findings, particularly those related to new members of the Group to the Board at board meeting.

Internal Control System and Corporate Governance enhancement

In compliance with the requirements of the Listing Rules and for the purpose of reinforcing the Group's internal control system, the Company has established a whistleblowing policy and system for employees to raise concerns, in confidence, with the Audit Committee about possible irregularities in financial reporting, internal control or other matters related to the Company. The Audit Committee is responsible for reviewing the relevant policy and system regularly.

The Directors has strengthened corporate governance practices, including formalization of the reporting practice throughout the Group in monitoring the operation and business developments of the Company so as to capture potentially price-sensitive information on an on-going basis, monitoring the continuing disclosure obligation. The Board has further strengthened corporate governance practices by establishing lending policy to monitor its credit level. In addition, the annual retainer counsel of the Company has provided the Directors (existing and new board members) and the relevant senior executives with training on Listing Rules, regulatory requirements and cases of enforcement at least twice a year.

- 若按上市規則需要披露的事項，合規部門將提呈董事會審閱及審議，並提交所有董事審閱，同時法務部會通知專案組有關成員禁止買賣本公司股票。

截至交易前的檢查：

- 本公司的日常經營及關連交易的價格敏感資訊表，通常於每個月月初經由財務部發出給相關部門，並於每月中旬由財務部匯總到合規部做總體檢查，確認並無任何重大遺漏。

於本財政年度內，內部審計組直接向審核委員會提交其評估報告和建議，審核委員會已與管理層討論，並在董事會會議上向董事會提交其工作計劃進展和相關發現，尤其是關於本集團新成員。

內部監控制度及企業管治提升

為符合上市規則要求及進一步完善本集團的內部監控制度，本公司已設立舉報政策和系統，讓僱員可暗中向審核委員會就有關本公司之財務匯報、內部監控或其他方面的違規事宜提出關注，而審核委員會負責定期檢討有關政策及系統。

董事會已進一步加強企業管治常規，包括監控本集團營運和業務發展的內部匯報實施制度，以便按月記錄潛在股價敏感資料，監察持續披露責任。董事會進一步提升企業管治常規就對外貸款制定政策監測借貸水平。此外，本公司常年法律顧問每年至少兩次為董事（原有及新加入的董事）和相關高級管理層提供上市規則、法規要求和執法個案的培訓。

Corporate Governance Report

企業管治報告

As a result of the above review, the Board confirms, and management has also confirmed to the Board, that the Group's risk management and internal control systems are effective and adequate (including the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions are adequate) and have complied with the CG Code provisions on risk management and internal control throughout the financial year and up to the date of this annual report.

Directors' Training

All Directors participated in appropriate continuous professional development and provided the Company with their records of training they received for the period from 1 April 2015 to 31 March 2016. Directors participated in the training which included reading regulatory updates, attending seminars or conducting training sessions and exchanging views.

根據上述檢討的結果，董事會確認，及管理層亦向董事會確認，本集團之風險管理及內部監控制度均有效和充足（包括本公司在會計、內部審核及財務匯報職能方面的資源、員工資歷及經驗，以及員工所接受的培訓課程及有關預算足夠的），並於本財政年度內及截至本年報日期已遵守企業管治之守則條文的風險管理及內部監控制度之規定。

董事培訓

於二零一五年四月一日至二零一六年三月三十一日止期間內，所有董事均已參與合適之持續專業發展，並已向公司提供所接受培訓之紀錄。董事參與的培訓，包括閱讀最新監管資料，以及出席專題研討會或作培訓交流。

Attend seminars/ conduct training sessions and exchange views 出席專題研討會/ 作培訓交流

Executive Directors

Ms. CHU Lam Yiu
Mr. XIA Li Qun
Mr. POON Chiu Kwok
Mr. LAM Ka Yu
Mr. WANG Guang Yu ^(Note)

執行董事

朱林瑤女士
夏利群先生
潘昭國先生
林嘉宇先生
王光雨先生 ^(附註)

Yes 有
Yes 有
Yes 有
Yes 有
Yes 有

Independent Non-executive Directors

Dr. DING Ningning
Mr. LEE Luk Shiu
Ms. MA Yun Yan
Mr. WU Chi Keung

獨立非執行董事

丁寧寧博士
李祿兆先生
麻雲燕女士
胡志強先生

Yes 有
Yes 有
Yes 有
Yes 有

Note: ceased to act on 18 November 2015.

附註：於二零一五年十一月十八日離任

Corporate Governance Report

企業管治報告

Company Secretary's Training

Mr. POON Chiu Kwok, the Executive Director, Vice President and Company Secretary of the Company is responsible for assisting the Board for facilitating communications among Directors as well as ensuring that the Board's policy and procedures are followed properly. The Company Secretary also provides professional advice and services to the Board on corporate governance and other matters. He is also responsible for organizing general meetings and facilitating the induction and professional development of Directors.

During the year ended 31 March 2016, Mr. Poon has obtained over 15 hours of relevant professional training.

ACCOUNTABILITY AND AUDIT

Directors' Responsibility in Preparing Financial Reporting

The Board is responsible for the preparation and timely publication of financial statements. In preparing the financial statements, relevant statutory requirements have been complied with, applicable accounting standards in force in Hong Kong have been adopted, appropriate accounting policies have been applied on a consistent basis, going concern basis has been adopted and reasonable and prudent judgments and estimates have been made.

Auditors' Statement and Remuneration

The external auditors have a primary responsibility for auditing and reporting on the financial statements and the Auditors' Report to the Shareholders is set out on pages 93 to 94 of this annual report.

During the financial year, the remuneration paid/payable to the Company's auditors (including statutory auditors of the subsidiaries) in relation to audit services and non-audit services provided to the Group are as follows:

Nature of Services	服務性質	Amount 金額 (HK\$'000) (港幣千元)
Audit services	核數服務	
– for the audit of the Group	– 集團審計	6,013
– for the statutory and other audits of the major PRC subsidiaries	– 主要國內子公司法定及其他審計	4,888

Please also refer to Note 24 to consolidated financial statement set out on page 177 of this annual report for details of Auditors' Remuneration.

公司秘書培訓

本公司執行董事、副總裁兼公司秘書潘昭國先生負責協助董事會，確保董事會成員之間有良好交流溝通及董事會之政策和程序得到適當的遵循。公司秘書亦向董事會提供企業管治事宜等各方面之專業意見及服務，並負責舉行公司股東大會事宜，以及安排董事之入職培訓及專業發展。

截至二零一六年三月三十一日止年度內，潘先生已獲得超過十五小時之相關專業培訓。

問責和審核

董事編製財務報表的責任

董事會負責編製並準時刊發財務報表。編製財務報表時，合理及謹慎地判斷及估算以確保有關法律法規已獲遵守，香港現行的適用會計準則已獲採納，適當的會計政策持續地予以應用以及持續經營基準已獲確認。

核數師聲明和酬金

核數師主要職責為就財務報表核數及作出報告，致股東之核數師報告載於本年報第93至94頁。

於本財政年度內，就本公司核數師（包括附屬公司法定的核數師）向本集團提供之核數及非核數服務，已付／應付核數師之費用如下：

核數師酬金詳情請參考載於本年報第177頁綜合財務報表附註24。

Corporate Governance Report

企業管治報告

SHAREHOLDERS' RIGHTS

Shares with voting rights in the Company are ordinary shares. The number of issued ordinary shares as at 31 March 2016 was 3,106,657,961. Details of share capital of the Company are set out in Note 17 of Notes to the consolidated financial statements on page 166 of this annual report. Shareholders holding issued ordinary shares of the Company were set out below:

Category/Name	類別／名稱	Full details can be found on the following page of this report 詳細資料 載於本年報 以下頁數	Total number of issued Shares held 合共持有 已發行股份數目	Percentage of the issued share capital 佔已發行 股本百分比
Ms. CHU Lam Yiu (Note 1)	朱林瑤女士 (附註1)	Page 86 第86頁	1,279,262,415	41.18%
Directors of the Company	本公司董事	Page 86 第86頁	8,350,000	0.26%
Substantial Shareholders (Note 2)	主要股東 (附註2)	Page 88 第88頁	340,091,660	10.95%
			1,627,704,075	52.39%
Public	公眾人士		1,478,953,886	47.61%
Total	合計		3,106,657,961	100.00%

Notes:

- As defined in the Listing Rules, any person (including a holder of depositary receipts) who is or group of persons (including any holder of depositary receipts) who are together entitled to exercise or control the exercise of 30% (or such other amount as may from time to time be specified in the Codes on Takeovers and Mergers and Share Buy-backs as being the level for triggering a mandatory general offer) or more of the voting power at general meeting of the Company; and
- Pursuant to Section 336 of the SFO, corporations and/or persons hold interests or short positions in 5% or more of the issued share capital of the Company.

Procedures for shareholders to convene a special general meeting

Pursuant to bye-law 58 of the bye-laws of the Company, shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require a SGM to be called by the Board for the transaction of any business transaction specified in such requisition.

股東權利

賦有投票權的股份均為本公司普通股股份。於二零一六年三月三十一日，已發行普通股股份數目為3,106,657,961股。本公司股本詳情載於本年報第166頁綜合財務報告附註17內。持有本公司已發行普通股之股東如下：

Category/Name	類別／名稱	Full details can be found on the following page of this report 詳細資料 載於本年報 以下頁數	Total number of issued Shares held 合共持有 已發行股份數目	Percentage of the issued share capital 佔已發行 股本百分比
Ms. CHU Lam Yiu (Note 1)	朱林瑤女士 (附註1)	Page 86 第86頁	1,279,262,415	41.18%
Directors of the Company	本公司董事	Page 86 第86頁	8,350,000	0.26%
Substantial Shareholders (Note 2)	主要股東 (附註2)	Page 88 第88頁	340,091,660	10.95%
			1,627,704,075	52.39%
Public	公眾人士		1,478,953,886	47.61%
Total	合計		3,106,657,961	100.00%

附註：

- 按上市規則釋義，任何有權在本公司股東大會上行使或控制行使30%（或《公司收購、合併及股份回購守則》不時規定會觸發強制性公開要約所需的其他百分比）或30%以上投票權的人士（包括預託證券持有人）；及
- 根據證券及期貨條例第336條，企業和／或人士持有本公司已發行股本5%或以上權益或淡倉。

股東召開股東特別大會的程序

按本公司之公司細則第58條，於遞呈要求之日期持有不少於賦有本公司股東大會表決權之本公司繳足股本十分之一之股東，於任何時候均有權透過向董事會或本公司秘書發出書面要求，要求董事會召開股東特別大會，以處理有關要求中指明之任何事項。

Corporate Governance Report

企業管治報告

The requisition shall state clearly the matters required to be considered and approved at the SGM and must be signed by the requisitioner(s) (with contact details) and submitted to the Board in written form to the Company's principal place of business in Hong Kong at least 21 days before the proposed date of the SGM.

The SGM shall be held within 2 months after the deposit of such requisition. If the Directors do not within 21 days from the date of the deposit of the requisition proceed to convene a meeting, the requisitionists may themselves do so in accordance with the provisions of Section 74(3) of the Companies Act 1982 of the laws of Bermuda (as amended) (the "Companies Act"), but any meeting so convened shall not be held after the expiration of 3 months from the said date.

Shareholders' right to propose resolutions at general meeting

Pursuant to Sections 79 and 80 of the Companies Act, (i) any number of shareholders representing not less than one-twentieth (5%) of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the general meeting to which the requisition relates; or (ii) not less than 100 shareholders, may submit to the Company a written request stating the resolution intended to be moved at AGM or a statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting.

The written request/statement must be signed by all the requisitionists and may consist of several documents in like form, each signed by one or more of the requisitionists, and must be deposited at the Company's principal place of business in Hong Kong, not less than 6 weeks before the AGM in case of a requisition requiring notice of a resolution or not less than one week before the general meeting in case of any other requisition. Provided that if an AGM is called for a date 6 weeks or less after the requisition has been deposited, the requisition though not deposited within the time required shall be deemed to have been properly deposited for the purposes thereof.

Shareholders' right to propose a person for election as a director

Shareholders shall have right to propose a person for election as a director at the Company's general meeting. Please refer to the detailed procedures for such right on the Company's website www.huabao.com.hk.

有關要求須清楚列明擬於股東特別大會上考慮及批准的事項和聯絡詳情，並經遞呈要求人士簽署後以書面形式通知董事會，在建議召開股東特別大會日期至少二十一天前遞交至本公司於香港的主要營業地點。

股東特別大會應於遞呈該要求後兩個月內舉行。倘董事未能於接獲要求當日起計二十一天內召開該大會，遞呈要求人士可以按照一九八二年百慕達公司法（經修訂）（「公司法」）第74(3)條之規定召開該大會，惟據此召開的任何股東大會不得於遞呈要求當日起計三個月屆滿後舉行。

股東於股東大會上提呈議案的權利

根據公司法第79及80條，(i)於遞呈要求日期持有不少於全體股東總投票權（賦有於要求所涉股東大會上之投票權）二十分之一(5%)之股東（不論人數）；或(ii)不少於100名股東，可向本公司遞呈書面要求並列明擬於股東週年大會上動議的決議案，或就於特定股東大會提呈之任何決議案所述的事項或處理的事務作出不超過1,000字的書面陳述。

該書面要求／陳述必須由所有遞呈要求人士簽署（可由多份格式相似並各自經一名或多名遞呈要求人士之文件組成），並須於股東週年大會舉行前至少六個星期（如屬要求決議案通告的要求）或股東大會舉行前至少一個星期（如屬任何其他要求）前遞交至本公司於香港的主要營業地點。倘股東週年大會在該要求書遞交後六個星期或較短時間內召開，則該要求書雖然並非在指定時間內遞交，但就此而言，亦須當作已恰當地遞交。

股東建議人士參選董事的權利

股東有權於本公司股東大會上建議人士參選董事，有關權利的詳細程序可於本公司網站 www.huabao.com.hk 上查閱。

Corporate Governance Report

企業管治報告

Making enquires

Shareholders shall have the right to examine the relevant information of the Company according to the Bye-laws. Shareholders should direct their questions about their shareholdings to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited. Shareholders may also direct questions or requests for information through the Company's website at www.huabao.com.hk or by contacting the Head of Investor Relations Department of the Company (e-mail: ir@huabao.com.hk).

ACCESSIBLE AND TRANSPARENT COMMUNICATION WITH SHAREHOLDERS

In addition to the on-going Investor Relation Department's efforts to mention in the next section, the Board values the importance of communications with the shareholders. The Company uses a range of communications tools, such as AGM, annual report, various notices, announcements and circulars, to ensure its shareholders are kept well informed of key business imperatives.

The Company has maintained a website www.huabao.com.hk which serves as a forum for corporate communication with its shareholders and the general public. All corporate communications required under the Listing Rules are displayed and can be achieved (for documents published in the previous 7 years) on the Company's website and there is established procedure to ensure timely update in compliance with the Listing Rules.

Open Communications

The Group is committed to acting in good faith and in the best interests of its shareholders at all times and in all areas of its operations. The Group actively promotes open communication and full disclosure of all information needed to protect and maximize transparency.

Shareholders' communication policy

The shareholders' communication policy is available for viewing on the Company's website at www.huabao.com.hk.

股東查詢

根據本公司之公司細則，股東有權查閱有關本公司之資料。若股東對其名下持股有任何問題，可向本公司之香港股份過戶登記分處卓佳登捷時有限公司提出。股東亦可透過本公司網站 www.huabao.com.hk 或聯絡本公司之投資者關係部主管（電郵：ir@huabao.com.hk）作出提問或要求索取資料。

與股東緊密及具透明之溝通

除下文所述投資者關係部門持續努力的結果外，董事會重視與股東溝通的重要性。本公司採用多項溝通工具，包括股東週年大會、年報、各類通告、公告及通函等，確保股東明瞭公司的主要業務策略。

公司設有網站 www.huabao.com.hk，為股東及公眾人士提供一個論壇作公司通訊用途。上市規則規定的所有公司通訊（過去七年刊發的文件）均可於公司網站瀏覽及下載，公司亦已制訂程序確保資料的披露將會根據上市規則適時更新。

開明的溝通

本集團本著真誠原則，全方位為股東最佳利益而行事。本集團積極提倡開明的溝通，確保以最大透明度對各類所需資料進行全面披露。

股東通訊政策

本公司之股東通訊政策可於公司網站 www.huabao.com.hk 上查閱。

Corporate Governance Report

企業管治報告

Shareholders' Meetings held during the reporting period

The general meeting provides a forum for the Board to communicate with the Shareholders. To facilitate enforcement of the Shareholders' rights, significant issues were dealt with under separate resolutions at the general meeting, including the election and re-election of individual Director. Details of general meeting(s) held during reporting period are summarized as follows:

Meeting 會議	Date 日期	Venue 地點	Resolutions 決議案
AGM 股東週年大會	6 August 2015 二零一五年 八月六日	Falcon Room, Gloucester Luk Kwok, 72 Gloucester Road, Wanchai, Hong Kong 香港灣仔告士打道72號 六國酒店富萊廳	<ol style="list-style-type: none"> To receive and consider the audited financial statements and the reports of the directors and of the auditors for the year ended 31 March 2015; 省覽截至二零一五年三月三十一日止年度經審核財務報表、董事會報告及核數師報告； To re-elect Directors and to authorize the Board to fix their remunerations; 重選董事，並授權董事會釐定彼等之酬金； To re-appoint the auditors and to authorize the Board to fix their remunerations; and 續聘核數師，並授權董事會釐定其酬金；及 To grant general mandates to buy back shares, to issue shares and to exercise the buy-back mandate. 授予一般授權以回購股份、發行股份及行使回購授權。

於報告期內舉行的股東大會

股東大會為董事會與股東提供一個溝通論壇。為方便股東在股東大會上行使權利，重要事宜乃根據個別決議案於股東大會上處理，包括選舉及重選個別董事。於報告期內舉行之股東大會總括如下：

MERGERS & ACQUISITIONS

Details of the mergers and acquisitions of the Company carried out during the reporting period can be found on page 76 of this annual report.

CONTINUING CONNECTED TRANSACTIONS

Details of the continuing connected transactions of the Company can be found on pages 89 to 91 of this annual report.

收購合併

於報告期內，本公司收購合併詳情載於本年報第76頁。

持續關連交易

本公司之持續關連交易詳情載於本年報第89至91頁。

Corporate Governance Report

企業管治報告

ATTENDANCE RECORD

Details of attendance of the Directors (either in person or through telephone/video conferences) at board regular meetings, meetings of board committees and general meetings during the reporting period are set out below:

出席記錄

各董事於報告期內親自出席或透過電話／視像會議方式出席董事會會議、董事委員會會議及股東大會的出席率詳情載列如下：

		Board Regular Meeting(s) 董事會定期會議	Audit Committee Meeting(s) 審核委員會會議	Remuneration Committee Meeting(s) 薪酬委員會會議	Nomination Committee Meeting(s) 提名委員會會議	Annual General Meeting(s) 股東週年大會
No. of meeting held	會議次數	7	2	1	2	1
Executive Directors	執行董事					
Ms. CHU Lam Yiu (Chairwoman and CEO)	朱林瑤女士 (主席兼首席執行官)	7/7	N/A 不適用	N/A 不適用	2/2	0/1
Mr. XIA Li Qun (Vice Chairman and CFO)	夏利群先生 (副主席兼首席財務官)	7/7	N/A 不適用	1/1	N/A 不適用	1/1
Mr. POON Chiu Kwok (Company Secretary)	潘昭國先生 (公司秘書)	7/7	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Mr. WANG Guang Yu ^(Note)	王光雨先生 ^(附註)	3/3	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Mr. LAM Ka Yu	林嘉宇先生	7/7	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Independent Non-executive Directors	獨立非執行董事					
Dr. DING Ningning	丁寧寧博士	7/7	2/2	N/A 不適用	2/2	1/1
Mr. LEE Luk Shiu	李祿兆先生	7/7	2/2	1/1	2/2	1/1
Ms. MA Yun Yan	麻雲燕女士	7/7	2/2	1/1	N/A 不適用	1/1
Mr. WU Chi Keung	胡志強先生	7/7	2/2	1/1	N/A 不適用	1/1

Note: ceased to act on 18 November 2015.

附註：於二零一五年十一月十八日離任

MAJOR CHANGES TO THE BYE-LAWS

During the financial year, the Company did not make any amendments to the Company's Bye-laws.

公司細則重大變更

於本財政年度內，本公司之公司細則並無作出任何修訂。

Investor Relations Report

投資者關係報告

The Company is committed to upholding an open and proactive investor relations strategy with an aim at optimizing the knowledge and understanding of the investment community with respect to the Company's corporate mission and vision, development strategies, competitive position in the industry and operating and financial performance, so as to enable public investors to make informed decisions on their investments. The Company fulfils the above-mentioned through a designated Investor Relations Department.

The Investor Relations Department acts as an intermediary between the Company and public investors. The Company abides by the basic and fair disclosure guidelines to ensure that communication with Shareholders, investors and media is conducted in a fair manner and that no material non-public information is made available to any individual on a selective basis.

Investor Relations Review

In order to develop continuously and maintain investor relations communications to ensure that the most updated information would be transmitted to investors in an accurate and fair manner, the Company organized various activities proactively and aggressively through different channels, conducted effective and satisfactory communications under reasonable circumstances. Details of these activities during the reporting period are as follows:

Details of the activities

活動詳情

Non-deal roadshows	非交易路演
Investment conferences	投資者會議
One-on-ones and group meetings	一對一及小組會議
Teleconferences	電話會議
Plant visits and reverse roadshows	廠房參觀及反向路演

本公司致力維持公開及積極的投資者關係策略，旨在有效令投資社群知悉及理解有關本公司之企業宗旨及願景、發展策略、業內競爭狀況及營運和財務表現，以致投資大眾能為彼等的投資作出知情決定。本公司透過特設的投資者關係部門以取得達致。

投資者關係部門為本公司及投資大眾的橋梁。本公司按照公平披露的基本原則，以確保與股東、投資者及傳媒之溝通以一個公平方式進行，及並無以選擇性準則向任何個別人士提供重大非公眾信息。

投資者關係工作回顧

在本報告期內，本公司為持續發展及維持投資者關係溝通，以確保最新訊息能準確公平地傳遞至投資者，本公司主動且積極地透過不同渠道進行各項活動，務求在合理的情況下發揮事半功倍的良好溝通。本報告期內的活動詳情如下：

Number of participations (approximately)

參與次數（約）

2 (including China, Hong Kong, etc.) (包括中國、香港等地)
6
40
36
3

Investor Relations Report

投資者關係報告

- **General Meetings**

It is important that the Shareholders have access to clear and meaningful data which enables them to have a constructive dialogue with the Company. Shareholders can raise any questions and comments on the performance or future business directions of the Company and on any resolutions to be considered at the AGM and SGM. The Company's Audit Committee's Chairman were present and available to answer questions raised at the AGM during the year.

- **Interim Results Presentation**

Interim results presentation was held after the interim results announcement in November 2015, at which the management availed them to answer questions such as the Group's operational and financial performances.

- **Investment Conferences**

The Company treasures every opportunity to communicate with and explain its strategies to investors and Shareholders through active participation in investors' conferences hosted by reputable investment banks, securities houses and research institutes.

- **Ongoing Communication with the Investment Community**

Regular face-to-face meetings and an ongoing schedule of teleconferencing calls with institutional investors and research analysts were held throughout the year. Questions and comments on the Company raised at the meetings were summarized and reported to the senior management team after the meetings. Regular meetings with research analysts were organized which provided a different channel for the analysts to communicate with the members of the Board. All these serve the multi-purposes of maintaining market surveillance and close contact with investors as well as gathering constructive suggestions from the capital market.

- **Company's Site Visits and Reverse Roadshows**

Site visits to the Company's major customers, R&D centres and production bases had been arranged for investors and analysts during the year which provided them on one hand the opportunities to have better understanding of the Company's businesses, technology and daily operations, and independent market surveillance on the other.

- **股東大會**

對股東而言，能夠取得清晰及有效數據十分重要，他們可藉此與本公司建立有效溝通。股東可就本公司之表現、未來業務方針及於股東週年大會及股東特別大會將予審議之任何決議案提出任何詢問及發表評論。年內，本公司審核委員會之主席已出席股東週年大會，並解答所提出的問題。

- **中期業績發布會**

中期業績發布會於二零一五年十一月之中期業績公告後舉行，當中，管理層回答有關本集團營運及財務表現等提問。

- **投資者會議**

透過積極參與由知名的投資銀行、證券行及研究機構主持的投資者會議，本公司把握每一個機會與投資者及股東溝通及向彼等闡述本公司策略。

- **持續與投資社群溝通**

本公司年內定期與機構投資者及研究分析員直接會面，並不時安排與他們進行電話會議。本公司總括會議上就本公司提出的問題及作出的評論，並於會議後向高級管理團隊匯報。本公司與研究分析員定期會面，藉此為分析員提供不同渠道與董事會成員溝通。此等活動具有多重意義，既可提供市場監控，又能與投資者維持緊密聯繫，亦可收集資本市場任何建設性意見。

- **公司實地參觀及反向路演**

本公司年內為投資者及分析員安排參觀本公司主要客戶、研發中心及生產基地，一方面藉此讓他們有機會對本公司業務、科技及日常營運有更透徹了解。另一方面，亦可提供獨立市場對企業的監控。

Investor Relations Report

投資者關係報告

- **E-Communication via Websites of the Company and Professional Investor Relations**

The Company's website at www.hbglobal.com contains information such as important corporate data, biographical details of Directors, organizational structure and press releases, while interim and annual reports, announcements and circulars are published on a professional investor relations page on the aforementioned website, which enables the Company's Shareholders and members of the investor community to have timely access to the most updated information about the Company.

- **Media Communications**

During the announcement of its interim and annual results, the Group held results presentations to facilitate the access of the most updated information of the Company by investors and the public in a fair, open and timely manner. In addition, to strengthen the interactions between the Group and the media it also proactively issued press releases on a timely basis.

Investor Relations Contacts

For inquiries, please contact:

Investor Relations Department

Huabao International Holdings Limited

Suite 3008

30th Floor, Central Plaza

18 Harbour Road

Wanchai

Hong Kong

Telephone: (852) 2877 8999

Fax: (852) 2511 8229

E-mail: ir@huabao.com.hk

- **透過公司網站及專業投資者關係網站進行電子溝通**

本公司網站為www.huabao.com.hk，載有重要之企業數據、董事履歷、組織架構、公司新聞等信息。而上述網站中載有專業的投資者關係頁面，刊發中期及年度報告、公告及通函等信息，讓本公司股東及投資社群適時取得有關本公司之最新信息。

- **媒體溝通**

本集團於中期及全年業績公布時舉辦業績發布會以加強投資者及公眾於公平、公開以及及時的情況下獲得公司的最新消息。此外，本集團亦定時主動向媒體發出新聞稿以加強相互交流。

投資者關係聯絡

如有查詢，請聯繫：

香港

灣仔

港灣道18號

中環廣場

3008室

華寶國際控股有限公司

投資者關係部

電話：(852) 2877 8999

傳真：(852) 2511 8229

電郵：ir@huabao.com.hk

Investor Relations Report

投資者關係報告

Information for investors (as at 31 March 2016)

Board Lot Size 1,000 shares

Number of shares issued 3,106,657,961 shares

Market capitalization (based on the closing price of HKD2.92 on 31 March 2016) HKD9.07 billion

Stock Code

The Stock Exchange of Hong Kong Limited stock code 00336

Reuters ticker 336.HK

Bloomberg ticker 336HK

Financial Calendar

Announcement of 2015-16 Interim Results 18 November 2015 (Wednesday)

Announcement of 2015-16 Annual Results 22 June 2016 (Wednesday)

Closing date for transfer of shares for Annual General Meeting (both days inclusive) From 5 August 2016 (Friday) to 9 August 2016 (Tuesday)

Annual General Meeting 9 August 2015 (Tuesday)

Fiscal year-end date 31 March

投資者資料 (截止二零一六年三月三十一日)

每手買賣單位股數 1,000股

已發行股份數目 3,106,657,961股

市值 (以二零一六年三月三十一日收市價港幣2.92元計算) 約港幣90.71億元

股份代號

香港聯合交易所有限公司股份代號 00336

路透社股份代號 336.HK

彭博股份代號 336HK

財務日誌

二零一五至一六年中期業績公布 二零一五年十一月十八日 (星期三)

二零一五至一六年全年業績公布 二零一六年六月二十二日 (星期三)

股份截止過戶日期 股東週年大會 二零一六年八月五日 (星期五)至九日 (星期二) (包括首尾兩日)

股東週年大會 二零一六年八月九日 (星期二)

財政年度結算日 三月三十一日

Directors' Report

董事會報告

The Board is pleased to present its annual report together with the audited consolidated financial statements for the year ended 31 March 2016.

MERGERS & ACQUISITIONS

In August and December 2015, the Group's wholly owned subsidiary acquired 60% equity interest in Yancheng Chunzhu from an independent third party for a cash consideration amounted to approximately HKD204,228,000. Yancheng Chunzhu was incorporated in the PRC, which is principally engaged in R&D, sale and production of aroma raw materials. Following completion of the acquisition, Yancheng Chunzhu becomes an indirect non-wholly owned subsidiary of the Company and its financial statements will be consolidated into the consolidated financial statements of the Group.

In September 2015, the Group's wholly owned subsidiary acquired 25.1% equity interest in Hongta Blue Eagle from an independent third party for a cash consideration of approximately HKD121,342,000. Hongta Blue Eagle was incorporated in the PRC, which is principally engaged in production and sale of its own cigarette paper and auxiliary products.

In December 2015, the Group's wholly owned subsidiary acquired an effective interest of 51% of VMR's issued share capital at a total consideration of approximately HKD177,884,000 (equivalent to approximately USD22.95 million). VMR was incorporated in the U.S., which is engaged in the design, production and distribution of e-cigarettes. VMR becomes an indirect non-wholly owned subsidiary of the Company and its financial statements will be consolidated into the consolidated financial statements of the Group.

董事會欣然提呈其年報及截至二零一六年三月三十一日止年度之經審核綜合財務報表。

收購合併

於二零一五年八月及十二月，本集團之全資附屬公司合共以現金代價約港幣204,228,000元向獨立第三方收購鹽城春竹之60%股權。鹽城春竹為一間於中國註冊成立的公司，其業務主要為研發、銷售和生產香原料產品。自收購完成後，鹽城春竹成為本公司的間接持有的非全資附屬公司，其財務報表將合併於本集團之綜合財務報表中。

於二零一五年九月，本集團之全資附屬公司以現金代價約港幣121,342,000元向獨立第三方收購紅塔藍鷹之25.1%股權。紅塔藍鷹為一間於中國註冊成立的公司，其業務主要為生產和銷售自產的捲煙用紙及輔助用品。

於二零一五年十二月，本集團之全資附屬公司以約港幣177,884,000元（約2,295萬美元）的總代價認購VMR已發行股本的約51%實際權益。VMR為一間於美國註冊成立的公司，從事設計、生產及分銷電子煙。VMR成為本公司的間接持有的非全資附屬公司，其財務報表將合併於本集團之綜合財務報表中。

Directors' Report

董事會報告

BUSINESS REVIEW

The principal activity of the Company is investment holding and the Group is principally engaged in the R&D, production and sales of flavours and fragrances, aroma raw materials, RTL, and new tobacco materials. The activities of the Company's principal subsidiaries are set out in Note 35 to the consolidated financial statements. Further discussion and analysis of the operating activities of the Group during the financial year, and an indication of likely future developments in the Group's business, as required by Schedule 5 of the Hong Kong Companies Ordinance, can be found in the sections headed "Chairwoman's Statement" and "Management Discussion and Analysis" as set out on pages 12 to 13 and pages 14 to 41 of this annual report respectively. Such discussion forms part of this directors' report.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to the Group's businesses. To the best of knowledge and belief, the Directors consider that the following are the key risks and uncertainties identified by the Group as at the date of this report.

The development and policy of tobacco industry

Tobacco industry in China is strictly regulated, STMA and China National Tobacco Corporation is responsible for the centralized management of the tobacco industry. Any strengthening of tobacco control measures or industry integration may affect the results of operations and business prospects of the Group to a certain extent. With the slowdown of China's economy and under the impact of national policy adjustments, the traditional tobacco industry had a general decline in both production and sales volumes in 2015. Given that the production of cigarettes for the first quarter of 2016 still needs to be reduced to cope with STMA's overall inventory planning, the sales revenue of the Group will be affected to a certain extent by the decline of purchasing volume of the tobacco industry.

Regulation of E-cigarettes

As the development of global regulatory policies in respect of e-cigarettes are becoming more stringent, which would affect the manufacturers to a certain extent. Therefore, the Group must take every necessary step to make sure the development and operation of e-cigarettes are in compliance with applicable laws and regulations.

業務回顧

本公司之主要業務為投資控股，而本集團主要從事香精香料、香原料、煙草薄片和煙草新材料的研發、生產和銷售。本公司之主要附屬公司的業務載於綜合財務報表附註35。按香港公司條例附表5要求，本集團於本財政年度經營活動的進一步討論及分析，以及對本集團業務可能未來發展的指標，分別載於本年報第12至13頁及第14至41頁的「主席報告」和「管理層討論及分析」。該等討論構成本董事會報告的一部份。

主要風險及不明朗因素

本集團之財務狀況、經營業績和業務前景可能由許多風險和不明朗因素直接或間接地影響本集團業務。就董事經所知及所信，認為本集團截至本報告日期的主要風險和不明朗因素如下。

煙草行業發展及政策

中國的煙草行業受到嚴格規管，國煙局及中國煙草總公司負責對行業進行集中統一管理，任何加強煙草控制措施或行業整合或會對本集團業務及前景產生一定影響。隨着中國經濟增速放緩，以及受國家政策調整影響，傳統捲煙行業於二零一五年出現了產銷量同時下降的局面。鑒於二零一六年第一季度仍需放緩生產捲煙以配合國煙局的整體庫存規劃，本集團的銷售收入受煙草行業的採購量降低將受到一定程度的影響。

電子煙的規管

由於全球的電子煙規管政策發展越趨嚴謹，這可能會對生產商造成一定影響，本集團須採取措施以確保電子煙的開發和營運均符合適用的法律及法規。

Directors' Report

董事會報告

Regulation Enhancement over Food Safety

The China Food and Drug Administration was established in 2013, with a view to regulating the food safety issues in a stringent manner. In October 2015, the Chinese government had officially implemented Food Safety Law, which set higher requirements on food safety management. This will, to some extent, affect the industry's cost of production and profit, the Group shall take measures to ensure our products and operation complies with food safety standards.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group plays an important role in protecting our environment and is committed to minimizing our impact on the environment and natural resources. We educate and train our employees on environmental issues and proper handling of hazardous substances and require adherence to corporate guidelines on environmental protection measures. We have installed equipment and procedures designs to comply with business operation. Among all, Guangdong Jinye engaged an international sizeable water management company to conduct Technological Improvement Project of the Sewage Treatment Station attached to the RTL Production Line, and was granted the Pollutant Discharge Permit of Guangdong Province, which provided a basic security for the company's continuing operations.

In addition, the Group installed video conference and telephone conference facilities for convening board meetings, committee meetings and management meetings. It enhances the efficiency of business travelling and convening meetings for the management so as to reduce the energy consumption.

The Group promotes awareness towards environmental protection to the employees. It implements green office practices such as utilizing emails for internal and external communication, adopting e-filing in server, minimizes documents printing and copying and reduces energy consumption by switching off lightings and electrical appliances when not in use.

食品安全加強監管

中國於二零一三年成立國家食品藥品監督管理總局，嚴格地對食品安全問題進行監管，於二零一五年十月起正式實施中國食品安全法，對食品安全管理提出了更高的要求，這某程度將會影響行業的生產成本及利潤，本集團須採取措施以確保產品及營運符合食品安全標準。

環境政策及表現

本集團在保護環境方面，致力將集團對環境和天然資源造成的影響減至最低。我們為員工提供有關環境問題及妥善處理危險物品的教育和培訓，並要求遵從有關環境保護措施的公司指引。我們已安裝設備和設有流程，旨在符合業務經營要求。其中，廣東金葉委聘了一間國際具規模的水務公司進行再造煙葉生產線配套污水處理站技改項目，並獲得了廣東省污染物排放許可證，為公司的持續運營提供了基礎保障。

另外，本集團已安裝視頻會議和電話會議設施以召開董事會會議、委員會會議和管理層會議，此舉有助提升管理層開會出差的效率，從而減少耗能。

本集團亦推動僱員提升環保意識，實施各項綠色辦公室措施，例如利用電郵作內部和外部溝通、在伺服器採用電子存檔、減少打印和複印文件，以及關掉不使用的照明和電器以減少耗能。

Directors' Report

董事會報告

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Directors recognizes that employees, customers, suppliers and business partners are the keys to the sustainable development of the Group.

Regarding employee salary and incentive system, the Group has implemented a remuneration system referenced to the market to attract and retains key personnel and talents with appropriate skills, experience and competence which would complement and meet the corporate and business objectives of the Group. The Group ensures all employees are reasonably remunerated and the remuneration packages of employees are reviewed regularly and necessary adjustments are made to the remuneration packages to align with the market standards. Further details on the Group's staff are set out in the "Human Resources and Corporate Culture Construction" section of this report.

The Group adheres to its core value of "client first" for years to maximise client values, maintains good relationship with its customers and suppliers and has ongoing communication with the customers and suppliers through various channels such as telephone, electronic mails and physical meetings to obtain their feedback and suggestions. Besides, the Group has entered into related agreements to promote probity and environmental protection with respective suppliers and conducts an appraisal of its suppliers, with a view to maintaining business relationships with suppliers and customers based on principle of mutual benefit.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company complies with the requirements under the Companies Act 1981 of Bermuda (as amended), the Listing Rules and the SFO for, among other things, the disclosure of information and corporate governance.

SEGMENT INFORMATION

An analysis of the Group's performance for the financial year by business segment is set out in Note 5 to the consolidated financial statements.

與僱員、客戶及供應商的關鍵關係

董事認同，僱員、客戶、供應商及業務合作夥伴為本集團可持續發展的關鍵。

在員工薪酬及激勵機制方面，本集團根據市場化的原則擬定了一套薪酬制度，吸引及挽留關鍵人員及擁有適合技能、經驗及能力的人才，以補充及滿足本集團的企業及業務目標。本集團確保所有僱員有合理報酬及定期審閱僱員薪酬，於必要時調整薪酬待遇以與市場標準保持一致。本集團員工相關的資訊詳見本報告「人力資源及企業文化建設」章節。

本集團多年來堅持「客戶至上」的核心價值觀，以為客戶創造最大價值為己任，與客戶及供應商保持良好關係，並具有各種渠道，如電話、電郵及實體會議與客戶及供應商持續溝通，以取得其反饋及建議。另外，本集團與個別供應商訂有促進廉潔及環保的相關協定，並對供應商進行評估，以期與客戶及供應商保持互惠互利的業務合作關係。

遵守法律和法規

本公司已遵守百慕達1981年公司法（經修訂）、上市規則和證券及期貨條例，（其中包括）資料披露和企業管治。

分部資料

於本財政年度，本集團按業務分部劃分之表現分析載於綜合財務報表附註5。

Directors' Report

董事會報告

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 March 2016 are set out in the consolidated income statement on page 96 of the annual report.

The Board does not recommend the payment of any final dividend for the year ended 31 March 2016 (2015: Nil).

CLOSE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

In order to determine the entitlement of Shareholders to attend and vote at the AGM of the Company which is scheduled to be held on 9 August 2016 (the "2016 AGM"), the register of members of the Company will be closed from 5 August 2016 to 9 August 2016, both days inclusive, during which no transfer of shares will be effected. All properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 4 August 2016. Shareholders whose names are recorded in the register of members of the Company on 9 August 2016 are entitled to attend and vote at the 2016 AGM.

RESERVES

Movements in the reserves of the Group and the Company during the financial year are set out in the consolidated statement of changes in equity on page 98 and in Note 19 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 March 2016, the distributable reserves of the Company amounted to HKD3,080,411,000 (2015: HKD1,303,947,000).

DONATIONS

Charitable and other donations made by the Group during the financial year amounted to approximately HKD321,000 (2015: HKD806,000).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group are set out in Note 6 to the consolidated financial statements.

業績及分派

本集團截至二零一六年三月三十一日止年度之業績載於年報第96頁之綜合收益表。

董事會不建議就截至二零一六年三月三十一日止年度派發任何期末股息(二零一五年:無)。

暫停辦理股份過戶登記手續－股東週年大會

為確定股東有權出席本公司訂於二零一六年八月九日舉行之股東週年大會(「二零一六年股東週年大會」)並在會上投票,本公司將由二零一六年八月五日至二零一六年八月九日止(首尾兩日包括在內)暫停辦理股份過戶登記手續。所有填妥的過戶表格連同有關股票最遲須於二零一六年八月四日下午四時三十分前送達本公司之香港股份過戶登記分處卓佳登捷時有限公司,地址為香港皇后大道東183號合和中心22樓。於二零一六年八月九日記錄於本公司股東名冊的股東均有權出席二零一六年股東週年大會及於會上投票。

儲備

本集團及本公司於財政年度內之儲備變動載於年報第98頁之綜合權益變動表及綜合財務報表附註19。

可供分派之儲備

於二零一六年三月三十一日,本公司之可供分派儲備為港幣3,080,411,000元(二零一五年:港幣1,303,947,000元)。

捐款

本集團在本財政年度內作出慈善及其它捐款合共約港幣321,000元(二零一五年:港幣806,000元)。

物業、機器及設備

本集團物業、機器及設備之變動詳情載於綜合財務報表附註6。

Directors' Report

董事會報告

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 17 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 208.

SHARE OPTION SCHEME

As per a resolution passed at the SGM held on 22 September 2006, the Company adopted a share option scheme ("Share Option Scheme"). As at 31 March 2016, the number of share options granted by the Company pursuant to the Share Option Scheme which are valid and outstanding amounted to 19,599,717, representing approximately 0.63% of the issued share capital of the Company upon full exercise of the aforesaid share options. The following is a summary of the Share Option Scheme:

(a) Purpose of the Scheme

The Share Option Scheme aims at encouraging the participants to make contributions to and promote benefits of the Group and developing and maintaining business relationships with participants for the benefit of the Group.

(b) Participants of the Scheme

The Board has absolute discretion to grant share option to any participant.

(c) Maximum number of shares issuable under the Scheme

The total number of share options to be granted under the Share Option Scheme shall not exceed 10% of the issued Shares of the Company as at 22 September 2006. Upon approval by the Shareholders, the Company may renew the Scheme Mandate Limit, provided that each renewal shall not exceed 10% of the issued Shares as at the date of approval by the Shareholders, and a circular regarding the proposed renewal of the Scheme Mandate Limit has been dispatched to the Shareholders in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules. The aggregate maximum number of Shares which may be issued upon exercise of share options granted under the Share Option Scheme and any other share option scheme(s) of the Company must not in aggregate exceed 30% of the total number of Shares in issue from time to time.

股本

本公司之股本變動詳情載於綜合財務報表附註17。

優先購買權

本公司之公司細則或百慕達法例中概無有關優先購買權之條文，規定本公司須按比例向現有股東發售新股份。

五年財務摘要

本集團過去五個財政年度之業績及資產與負債概要載於年報第208頁。

購股權計劃

根據本公司於二零零六年九月二十二日舉行的股東特別大會上通過的決議案，本公司採納了購股權計劃（「購股權計劃」）。於二零一六年三月三十一日，本公司根據購股權計劃所授出而仍然有效及尚未行使的購股權數目合共19,599,717股，上述購股權尚獲悉數行使將佔本公司已發行股本約0.63%。購股權計劃的摘要載列如下：

(a) 計劃之目的

購股權計劃旨在激勵參與者為本集團作出貢獻及促進利益，為與可對本集團有利之參與者發展及維持業務關係。

(b) 計劃的參與人士

董事會擁有絕對酌情權，可向任何參與者授出購股權。

(c) 計劃中可予發行股份總數最高上限

根據購股權計劃批授的購股權總數，不得超逾二零零六年九月二十二日本公司已發行股份的10%。在獲得股東批准後，本公司可更新計劃授權限額，惟每一次更新的計劃授權限額，均不得超逾股東批准更新限額該日已發行股份之10%；及須遵照上市規則第17章有關條文規定之方式將建議更新計劃授權限額之通函寄發予股東，該通函其中載有上述條文所規定之資料。因按照購股權計劃及本公司任何其他購股權計劃授出之購股權獲行使及將獲行使，而將予發行之最多股份數目不可超逾不時已發行股份總數之30%。

Directors' Report

董事會報告

(d) Maximum entitlement of each participant under the Scheme

The maximum number of Shares (issued and to be issued) upon exercise of options (whether exercised, cancelled or outstanding) granted to any participants in any 12-month period under the Share Option Scheme and any other share option scheme of the Company shall not exceed 1% of the Shares in issue from time to time. Any excess over 1% requires the formal approval by Shareholders through an ordinary resolution at a general meeting at which the relevant participant and his close associates shall abstain from voting and the Company shall issue a circular pursuant to relevant provisions of Chapter 17 of the Listing Rules.

(e) Time for exercise of options

The grantee may subscribe for Shares during such period as may be determined by the Board (the said period shall not in whatever case be later than the last day of the 10-year period after the day on which the offer relating to the option is duly approved by the Board in accordance with the Share Option Scheme (subject to early termination)).

(f) Minimum period for which an option must be held before it can be exercised

Unless the Directors determine otherwise and state in the offer of the grant of option to the grantee, the Share Option Scheme does not provide for any minimum period for which share options must be held before it can be exercised.

(g) Time for acceptance of option offer and payment

The grantee may accept the offer of the share option within 21 days from the date of the offer letter issued by the Company. The grantee shall pay HKD1 as consideration for accepting the offer of the share option granted.

(h) Basis for determining the exercise price

The exercise price of share option granted pursuant to the Share Option Scheme shall be determined by the Board and shall be at least the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the date of offer, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the offer; and (iii) the nominal value of the Shares.

(d) 計劃中各參與人士可獲授權益上限

根據本公司購股權計劃及任何其他購股權計劃而於任何12個月期間向任何參與者所授出之購股權（無論已行使、已註銷或尚未行使者），其有關之股份最多數目（包括已發行及將予發行股份數目）將不可超逾不時已發行股份之1%。如授出之數目超逾1%，則必須經股東於股東大會上以普通決議案正式批准，有關參與者及其緊密聯繫人則須放棄在大會上投票，而本公司亦須按照上市規則第17章有關條文之規定發出通函。

(e) 行使購股權之期限

承授人可於董事會釐定之期間內認購股份（該期間無論如何最遲於董事會根據購股權計劃正式批准有關購股權要約當日後十年期間之最後一日屆滿（可提前終止））。

(f) 購股權可予行使前須持有之最短期間

除非董事另行決定並於向承授人授出之購股權要約中表明，否則購股權計劃並無條文規定購股權可予行使前須持有之最短期間。

(g) 接納購股權要約的期限及付款

承授人可於本公司發出的要約函件當日起計21日內接納購股權要約，而接納批授購股權要約時，須支付港幣1元的代價。

(h) 釐定行使價的基準

根據購股權計劃所批授的購股權，其行使價須由董事會釐定，惟不得低於下列各項中之較高者：(i) 購股權要約日期（必須為營業日）聯交所每日報價表所列之股份收市價；(ii) 在緊接授出日期前五個營業日在聯交所每日報價表所列收市價的平均數；或 (iii) 股份面值。

Directors' Report

董事會報告

(i) The life of the Scheme

The Share Option Scheme will remain in force for 10 years starting from 22 September 2006.

Details of share options granted, exercised, cancelled and lapsed during the financial year under the Share Option Scheme are set out as follows:

(i) 計劃的有效期

購股權計劃於二零零六年九月二十二日起計十年內有效。

於財政年度內，根據購股權計劃批授、行使、註銷及失效的購股權詳情如下：

Grantee 承授人	Grant Date 授出日期	Exercise Price 行使價	Exercisable Period 可行使日期	Number of Share Options 購股權數目				
				Balance as at 1 April 2015 於二零一五年四月一日結餘	Granted during the financial year 財政年度內批授	Exercised during the financial year 財政年度內行使	Cancelled/lapsed during the financial year 財政年度內註銷/失效	Balance as at 31 March 2016 於二零一六年三月三十一日結餘
		HKD 港幣						
Independent Non-Executive Directors 獨立非執行董事								
Mr. LEE Luk Shiu 李祿兆先生	25 October 2006 二零零六年十月二十五日	3.09	25/10/2006-24/10/2016	200,000	-	(100,000)	-	100,000
Ms. MA Yun Yan 麻雲燕女士	25 October 2006 二零零六年十月二十五日	3.09	25/10/2006-24/10/2016	800,000	-	-	-	800,000
Other Participants 其他參與者								
	10 October 2006 二零零六年十月十日	3.09	10/10/2006-9/10/2016	7,600,000	-	(1,500,000)	-	6,100,000
	17 October 2007 二零零七年十月十七日	6.65	17/4/2008-16/10/2017	8,990,000	-	(740,000)	-	8,250,000
	30 December 2015 二零一五年十二月三十日	2.75	1/12/2016-31/12/2016	-	4,349,717 (Note) (附註)	-	-	4,349,717
Total 合計				17,590,000	4,349,717	(2,340,000)	-	19,599,717

Note: On 30 December 2015, the Company granted share options of not more than 4,349,717 to a consultant ("the Consultant"). The validity period of the share options is from 30 December 2015 to 31 December 2016 and the share options shall automatically lapse at the expiry of the validity period. The exercise price of the share options is HKD2.75 per share. According to the services contract signed between the Consultant and Future Dragon International Limited ("Future Dragon"), a wholly owned subsidiary of the Company, Future Dragon will pay a lump sum of RMB10,000,000 (approximately HKD11,960,000) to the Consultant on full completion of the services. The payment is subject to retention without interest by Future Dragon and shall only be used as the payment of subscription price for the share options granted to the Consultant.

附註：於二零一五年十二月三十日，本公司授出不超過4,349,717股購股權予一位顧問（「顧問」），購股權的有效期由二零一五年十二月三十日至二零一六年十二月三十一日止，逾期將自動作廢。購股權的行使價為每股港幣2.75元。根據顧問與本公司之全資附屬公司Future Dragon International Limited（「Future Dragon」）簽訂的服務合同，在顧問全部完成服務後，Future Dragon將向顧問一次性支付服務費人民幣10,000,000元（約港幣11,960,000元），並對付款擁有留置權且不帶利息，及該服務費將僅可被用作支付授予顧問購股權的認購價。

Directors' Report

董事會報告

According to the HKFRS 2 "Share-based Payment", this consultancy services together with the grant of share options and its terms are considered as an equity-settled share-based payment and accounted for a restricted share award. Details of the accounting treatment are set out in Note 18 of the consolidated financial statements.

DIRECTORS

The Directors of the Company during the financial year and up to the date of this report were:

Executive Directors:

Ms. CHU Lam Yiu (*Chairwoman and CEO*)
 Mr. XIA Li Qun (*Vice Chairman and CFO*) (Note 1)
 Mr. POON Chiu Kwok (*Company Secretary*)
 Mr. LAM Ka Yu (Note 2)
 Mr. WANG Guang Yu (Note 3)

Independent Non-executive Directors:

Dr. DING Ningning
 Mr. LEE Luk Shiu
 Ms. MA Yun Yan
 Mr. WU Chi Keung

Notes:

1. Re-designated as Vice Chairman on 18 November 2015
2. Re-designated as Executive Director on 4 March 2016
3. Ceased to act on 18 November 2015

In accordance with Bye-law 87(1) and (2) of the Company's bye-laws, Ms. CHU Lam Yiu, Messrs. LAM Ka Yu and LEE Luk Shiu shall retire by rotation at the forthcoming AGM and, being eligible, have offered themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

None of the Directors who proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

根據香港財務報告準則第2號「股份為基礎的支付」，此顧問服務連同授予的購股權及其條款，屬以股份為基礎的支付並以受限制股份獎勵入賬。有關會計處理之詳情，請參閱載於附註18的綜合財務報表。

董事

於本財政年度內及截至本報告日期本公司之董事如下：

執行董事：

朱林瑤女士 (*主席兼首席執行官*)
 夏利群先生 (*副主席兼首席財務官*) (附註1)
 潘昭國先生 (*公司秘書*)
 林嘉宇先生 (附註2)
 王光雨先生 (附註3)

獨立非執行董事：

丁寧寧博士
 李祿兆先生
 麻雲燕女士
 胡志強先生

附註：

1. 於二零一五年十一月十八日調任為副主席
2. 於二零一六年三月四日調任為執行董事
3. 於二零一五年十一月十八日離任

根據本公司之公司細則第87(1)及(2)條，朱林瑤女士、林嘉宇先生和李祿兆先生將於應屆股東週年大會上輪值告退，惟彼等符合資格，並願膺選連任。

董事服務合約

擬於應屆股東週年大會上膺選連任之董事，概無與本公司訂立任何本公司不可於一年內毋須賠償（法定賠償除外）而予以終止之服務合約。

Directors' Report

董事會報告

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than disclosed in Note 34 to the consolidated financial statements, no contracts of significance in relation to the Group's business to which the Company, its ultimate holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the financial year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors and their respective close associates (as defined in the Listing Rules) is considered to have an interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of directors and senior management as at 31 March 2016 are set out on pages 42 to 50 of the annual report.

REMUNERATION OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Particulars of the remuneration of the directors and the five highest paid individuals during the financial year are set out in Note 25 to the consolidated financial statements.

董事於重大合約之權益

除綜合財務報表附註34所披露者外，於年結日或本財政年度內任何時間，本公司並無訂立任何涉及本公司董事直接或間接擁有重大權益且與本公司最終控股公司或其任何附屬公司業務有關之重大合約。

董事於競爭業務之權益

概無董事及其各自之緊密聯繫人（按上市規則定義）擁有與本集團業務直接或間接構成競爭或可能構成競爭的任何業務之權益。

董事及高級管理層履歷

於二零一六年三月三十一日，董事及高級管理層的履歷載於年報第42頁至50頁。

董事及五名最高薪酬人士之酬金

於本財政年度內，董事及五名最高薪酬人士之酬金詳情刊載於綜合財務報表附註25。

Directors' Report

董事會報告

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 31 March 2016, the interests and short positions of the Directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(a) Long position in ordinary shares of the Company

Name of Directors 董事姓名	Capacity 身份
CHU Lam Yiu ^(Note 2) 朱林瑤 ^(附註2)	Held through controlled corporations ^(Note 1) 透過受控制公司持有 ^(附註1)
XIA Li Qun 夏利群	Beneficial Owner 實益擁有人
POON Chiu Kwok 潘昭國	Beneficial Owner 實益擁有人
LEE Luk Shiu 李祿兆	Beneficial Owner 實益擁有人

Notes:

- 1,279,262,415 ordinary shares of the Company were held by Mogul Enterprises Limited, Resourceful Link International Limited, Power Nation International Limited, Jumbo Elite Limited, Raise Sino Investments Limited and Real Elite Investments Limited, respectively. Ms. CHU Lam Yiu is the sole beneficial owner of the aforesaid six companies.
- Ms. CHU Lam Yiu settled all derivatives under a derivative transaction ("Derivative") by cash in October 2015 and January 2016 respectively ("Settlement") and Settlement of such Derivative related to a long position of a monetary value of equivalent to 99,937,000 shares of the Company, details of which were set out in the Company's announcements published on 14 October 2015 and 25 January 2016, respectively.

董事於股份、相關股份及債券之權益

於二零一六年三月三十一日，董事及最高行政人員於本公司及其相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債券中擁有本公司根據證券及期貨條例第352條規定所存置之登記冊所記錄之權益及淡倉；或擁有根據標準守則規定而須知會本公司及聯交所之權益及淡倉如下：

(a) 本公司之普通股好倉

Number of issued Shares held 持有已發行 股份數目	Percentage of the issued share capital 佔已發行 股本百分比
1,279,262,415	41.18%
5,250,000	0.17%
3,000,000	0.10%
100,000	0.003%

附註：

- 本公司之1,279,262,415股普通股乃分別由 Mogul Enterprises Limited, Resourceful Link International Limited, Power Nation International Limited, Jumbo Elite Limited, Raise Sino Investments Limited 和 Real Elite Investments Limited 持有。朱林瑤女士為上述六間公司的唯一實益擁有人。
- 朱林瑤女士分別於二零一五年十月及二零一六年一月，將一項衍生產品交易（「衍生產品」）項下的衍生產品悉數以現金作結算（「結算」），該衍生產品結算金額所涉等值本公司99,937,000股好倉，詳情請參閱本公司分別於二零一五年十月十四日及二零一六年一月二十五日刊登的公告。

Directors' Report

董事會報告

(b) Interests in share options of the Company

The interests of the Directors in the share options of the Company are detailed in the "Share Option Scheme" section stated above.

Save as disclosed above, as at 31 March 2016, none of the Directors nor their close associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its subsidiaries or associated companies as defined in the SFO.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Other than disclosed in Note 18 to the consolidated financial statements, at no time during the financial year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the financial year.

DIRECTORS' INDEMNITIES

Pursuant to the Bye-laws of the Company and subject to the relevant provisions therein, every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may incur in or sustain by the execution of his/her duty as a director of the Company or otherwise in relation thereto. The Company has arranged appropriate insurance cover for the Directors and senior management of the Company in respect of legal action against them in the course of execution of their duties in good faith.

EQUITY-LINKED AGREEMENTS

Save as disclosed under the section headed "Share Option Scheme" above and Note 17 to the financial statements, no equity-linked agreement was entered into by the Company for the year ended 31 March 2016.

(b) 本公司購股權之權益

董事於本公司之購股權權益已詳列於以上「購股權計劃」一節內。

除上文所披露者外，於二零一六年三月三十一日，概無任何董事或彼等之緊密聯繫人於本公司或其任何附屬公司或相聯法團（定義見證券及期貨條例）之任何股份、相關股份或債券中擁有任何權益或淡倉。

董事認購股份或債券之權利

除於綜合財務報表附註18所披露者外，本公司或其任何附屬公司於本財政年度內任何時間均無參與任何安排，致使本公司之董事可藉收購本公司或任何其他法團之股份或債券而獲益。

管理合約

概無於本財政年度內訂立或存有任何涉及本公司整體業務或任何重要業務之管理及行政工作之合約。

董事的彌償保證

根據本公司的公司細則並受當中相關條文所規限，每名董事就執行其作為本公司董事之職務或與之相關的其他事宜而承擔或蒙受的所有訴訟、費用、收費、損失、賠償及開支均可獲得本公司以其資產及溢利作出彌償及保證免受損害。本公司已就董事及高級管理層，在真誠善意地執行職責時可能招致任何法律訴訟，為彼等安排適當保險保障。

股票掛鈎協議

除上文「購股權計劃」一節及財務報表附註17所披露外，本公司於截至二零一六年三月三十一日止年度並無訂立股票掛鈎協議。

Directors' Report

董事會報告

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 March 2016, other than the interests disclosed in the section headed "Directors' interests in shares, underlying shares and debentures", the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that the following person(s)/corporation(s) held interests or short positions in 5% or more of the issued share capital of the Company.

Long position in ordinary shares of the Company

Name of Substantial Shareholders 主要股東名稱	Capacity 身份
--	----------------

Lazard Asset Management LLC	Investment manager 投資經理
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MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 March 2016, the percentage of revenue from sales of goods or rendering services attributable to the Group's five largest customers combined accounted for approximately 48.96% and the largest customer contributed approximately 17.81% to the revenue from sales of goods or rendering services of the Group (Yunnan Tobacco Materials (Group) Company Limited being the largest customer), and the percentage of purchases attributable to the Group's five largest suppliers combined accounted for approximately 18.77% and the largest supplier contributed approximately 6.4% to the purchases of the Group.

None of the Directors of the Company or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers.

主要股東之權益

於二零一六年三月三十一日，除於「董事於股份、相關股份及債券之權益」一節所披露之權益外，本公司根據證券及期貨條例第336條存置之主要股東登記冊顯示，下列人士／法團持有本公司已發行股本5%或以上權益或淡倉。

本公司之普通股好倉

Number of issued Shares held 持有已發行股份數目	Percentage of the issued share capital 佔已發行股本百分比
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340,091,660	10.95%
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主要客戶及供貨商

截至二零一六年三月三十一日止年度內，本集團五位最大客戶合計所佔本集團銷售貨品或提供服務的收入之百分比約為48.96%，而最大客戶則佔約為17.81%（雲南中煙物資（集團）有限責任公司為最大客戶）；本集團五位最大供應商合計所佔本集團採購額之百分比約為18.77%，而最大供應商則佔約為6.4%。

本公司董事或其任何緊密聯繫人或任何股東（就董事所知，擁有5%以上本公司已發行股本者），概無擁有本集團五大客戶及供應商之任何權益。

Directors' Report

董事會報告

CONTINUING CONNECTED TRANSACTIONS

Continuing connected transactions with Hongta Tobacco Group

The Group through its wholly owned subsidiary entered into a framework agreement with Hongta Tobacco on 31 March 2015, pursuant to which the Group shall continually provide tobacco flavours and fragrances products, RTL, stem powder, auxiliary materials and related services to Hongta Tobacco and its subsidiaries and associates (collectively, "Hongta Tobacco Group") for a period from 1 April 2015 to 31 March 2018 ("Hongta Framework Agreement"). Yunnan Tianhong is a 60% indirect subsidiary of the Company. The remaining 40% equity interest in Yunnan Tianhong is held by Yunnan Hongta. Yunnan Hongta is wholly owned by Hongta Tobacco. By virtue of such 40% interest in Yunnan Tianhong, Hongta Tobacco Group are regarded as connected persons at subsidiary level of the Company under the Listing Rules. Pursuant to the Listing Rules, all the transactions conducted between the Group and Hongta Tobacco Group under the Hongta Framework Agreement constituted continuing connected transactions of the Group and are subject to compliance with the relevant disclosure requirements under the Listing Rules. Pursuant to the Hongta Framework Agreement, prices of the products will be by reference to the bidding price (if applicable); or the prevailing market price. Such prices and terms payable to the Group shall be no less favourable than those terms offered by independent third party customers for provision of similar products and services in its ordinary and usual course of business. Payments of the transactions will be settled in arrears by cash transfer, or such other manners as agreed by the parties in accordance with the agreed timing and manners as specified in the separate implementation agreements to be entered into between the parties from time to time. The annual caps of the continuing connected transactions for each of the three financial years ending 31 March 2018 contemplated under the Hongta Framework Agreement are RMB347,000,000, RMB365,000,000 and RMB384,000,000, respectively.

持續關連交易

與紅塔煙草集團的持續關連交易

於二零一五年三月三十一日，本集團透過全資附屬公司與紅塔煙草訂立有關本集團持續向紅塔煙草及其附屬公司及關聯企業（統稱「紅塔煙草集團」）自二零一五年四月一日至二零一八年三月三十一日止期間提供煙用香精香料、煙草薄片、梗粒、煙用輔料等產品及相關服務之框架協議（「紅塔框架協議」）。雲南天宏為本公司間接擁有60%權益的附屬公司，雲南天宏餘下40%股權由雲南紅塔持有，雲南紅塔由紅塔煙草全資擁有，憑藉在雲南天宏的40%權益，紅塔煙草集團根據上市規則被視為本公司附屬公司層面的關連人士。根據上市規則，紅塔框架協議所涉及的本集團與紅塔煙草集團之間進行的交易構成本集團之持續關連交易，僅須遵守上市規則項下之相關披露要求。根據紅塔框架協議，貨品價格乃按招標價格或當時的市場價格釐定，即應付予本集團的價格及條款應不遜於由獨立第三方客戶在正常商業交易情況下就該類產品及相關服務提供的條款，而交易的款項將於事後以現金結清，或根據雙方同意的並以不時簽訂的單獨執行協議內載明的時間及方式支付。紅塔框架協議項下進行的持續關連交易於截至二零一八年三月三十一日止三個財政年度各年的年度上限分別為人民幣347,000,000元、人民幣365,000,000元及人民幣384,000,000元。

Directors' Report

董事會報告

Continuing connected transactions with Guangdong Tobacco Company

The Group through its wholly owned subsidiary entered into a framework agreement with Guangdong Tobacco on 3 February 2015, pursuant to which the Group shall continually provide tobacco flavours and fragrances products, RTL, stem powder, auxiliary materials and related services to Guangdong Tobacco and its subsidiaries and associates (collectively, "Guangdong Tobacco Company") for a period from 1 April 2015 to 31 March 2016 ("GD Framework Agreement"). Guangdong Jinye is an indirect wholly owned subsidiary of the Company. Guangdong Jinke is a non-wholly owned subsidiary of Guangdong Jinye. Guangdong Tobacco holds more than 10% equity interest in Guangdong Jinke. Guangdong Tobacco Company are regarded as connected persons at the subsidiary level of the Company under the Listing Rules. Pursuant to the Listing Rules, all the transactions conducted between the Group and Guangdong Tobacco Company under the GD Framework Agreement constituted continuing connected transactions of the Group and are subject to compliance with the relevant disclosure requirements under the Listing Rules. Pursuant to the GD Framework Agreement, prices of the products will be by reference to the bidding price; or the prevailing market price. Such prices and terms payable to the Group shall be no less favourable than those terms offered by independent third party customers for provision of similar products and services in its ordinary and usual course of business. Payments of the transactions will be settled in arrears by cash transfer, or such other manners as agreed by the parties in accordance with the agreed timing and manners as specified in the separate implementation agreements to be entered into between the parties from time to time. The annual cap of the continuing connected transactions for the financial year ended 31 March 2016 contemplated under the GD Framework Agreement is RMB427,180,000.

Annual review of continuing connected transactions

For the financial year ended 31 March 2016, the transactions between the Group and Hongta Tobacco Group under the Hongta Framework Agreement and the transactions between the Group and Guangdong Tobacco Company under the GD Framework Agreement amounted to approximately RMB97,496,376 and RMB228,952,094 respectively.

與廣東中煙公司的持續關連交易

於二零一五年二月三日，本集團透過全資附屬公司與廣東中煙訂立有關本集團持續向廣東中煙及其附屬公司及關聯企業（統稱「廣東中煙公司」）自二零一五年四月一日至二零一六年三月三十一日止期間提供煙用香精香料、煙草薄片、梗粒、煙用輔料等產品及相關服務之框架協議（「廣東框架協議」）。廣東金葉為本公司間接擁有的全資附屬公司，廣東金科為廣東金葉的非全資附屬公司。廣東中煙持有廣東金科逾10%股權，廣東中煙公司根據上市規則被視為本公司附屬公司層面的關連人士。根據上市規則，廣東框架協議所涉及的本集團與廣東中煙公司之間進行的交易構成本集團之持續關連交易，僅須遵守須遵守上市規則項下之相關披露要求。根據廣東框架協議，貨品價格乃按招標價格或當時的市場價格釐定，即應付予本集團的價格及條款應不遜於由獨立第三方客戶在正常商業交易情況下就該類產品及相關服務提供的條款，而交易的款項將於事後以現金結清，或根據雙方同意的並以不時簽訂的單獨執行協議內載明的時間及方式支付。廣東框架協議項下進行的持續關連交易於截至二零一六年三月三十一日止財政年度的年度上限為人民幣427,180,000元。

持續關連交易的年度審核

截至二零一六年三月三十一日止財政年度，本集團與紅塔煙草集團按紅塔框架協議進行的交易及與廣東中煙公司按廣東框架協議進行的交易的金額分別約為人民幣97,496,376元及人民幣228,952,094元。

Directors' Report

董事會報告

The aforesaid continuing connected transactions have been reviewed by the INEDs of the Company. The INEDs confirm that the aforesaid connected transactions have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

The Company has engaged the independent auditor, PricewaterhouseCoopers to report on the Group's above-mentioned continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' and with reference to Practice Note 740 'Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules' issued by the Hong Kong Institute of Certified Public Accountants. PricewaterhouseCoopers have issued their unqualified letter containing their findings and conclusions in respect of the above-mentioned continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditors' letter has been provided to the Stock Exchange by the Company.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions entered into by the Group during the year ended 31 March 2016 are set out in Note 34 to the consolidated financial statements. None of these related party transactions constitutes a discloseable connected transaction as defined under the Listing Rules, except for the transactions described in this paragraph headed "Continuing Connected Transactions", in respect of which the disclosure requirements in accordance with Chapter 14A of the Listing Rules have been complied with.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 March 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

Details of the Group's corporate governance practices are set out in the Corporate Governance Report on pages 51 to 71 of the annual report.

上述持續關連交易已由本公司的獨立非執行董事審核。獨立非執行董事確認上述關連交易乃：

- (i) 屬本集團的一般及日常業務；
- (ii) 是按照一般商務條款或更佳條款進行；及
- (iii) 是根據有關交易的協議進行，條款公平合理，並且符合本公司股東的整體利益。

根據香港會計師公會發佈的香港鑒證業務準則3000號「歷史財務資料審核或審閱以外的鑒證工作」並參考實務說明740號「香港上市規則規定的持續關連交易的核數師函件」，本公司之獨立核數師羅兵咸永道會計師事務所已受聘對本集團上述之持續關連交易作出報告，並已根據上市規則第14A.56條規定發出無保留意見函件，當中載有其發現和結論。本公司已將核數師函件副本提交予聯交所。

關聯人士交易

本集團於截至二零一六年三月三十一日止年度訂立之重大關聯人士交易詳情載於綜合財務報表附註34。除於「持續關連交易」一節所述的交易（而此等交易已遵守上市規則第14A章的披露規定）外，該等關聯人士交易概無構成須予披露的關連交易（定義見上市規則）。

購買、出售或贖回本公司之上市證券

於截至二零一六年三月三十一日止年度內，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

企業管治

本集團企業管治常規之詳情載於本年報第51頁至71頁之企業管治報告。

Directors' Report

董事會報告

LEGAL PROCEEDINGS

As at 31 March 2016, none of the members of the Group was involved in any material litigation or arbitration and no material litigation or claim was pending or threatened or made against any member of the Group.

PUBLIC FLOAT

Based on the information that was publicly available and to the best belief and knowledge of the Directors, the Company had maintained the prescribed public float throughout the year ended 31 March 2016 and up to the date of this report as required under the Listing Rules.

AUDITORS

The consolidated financial statements for the year ended 31 March 2016 have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM of the Company.

By Order of the Board

CHU Lam Yiu

Chairwoman and CEO

Hong Kong, 22 June 2016

法律訴訟

截至二零一六年三月三十一日，本集團成員公司概無涉及任何重大訴訟或仲裁事項，亦無面臨任何待決的重大訴訟或索償。

公眾持股量

根據可供公眾查閱之資料以及據董事所知和所信，於截至二零一六年三月三十一日止年度內及截至本報告日，本公司已維持上市規則所規定之公眾持股量。

核數師

截至二零一六年三月三十一日止年度之綜合財務報表已經由羅兵咸永道會計師事務所審核，該核數師將任滿告退，惟彼符合資格並願於本公司應屆股東週年大會上應聘連任。

承董事會命

朱林瑤

主席兼首席執行官

香港，二零一六年六月二十二日

Independent Auditor's Report

獨立核數師報告



羅兵咸永道

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HUABAO INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Huabao International Holdings Limited (the "Company") and its subsidiaries set out on pages 95 to 207, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

獨立核數師報告

致華寶國際控股有限公司股東

(於百慕達註冊成立的有限公司)

本核數師(以下簡稱「我們」)已審計列載於第95至207頁華寶國際控股有限公司(「貴公司」)及其附屬公司的綜合財務報表,此綜合財務報表包括於二零一六年三月三十一日的綜合及公司財務狀況表與截至該日止年度的綜合收益表、綜合全面收益表、綜合權益變動表和綜合現金流量表,以及主要會計政策概要及其它附註解釋資料。

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒布的香港財務報告準則及香港《公司條例》的披露規定擬備真實而中肯的合併財務報表,並對其認為為使合併財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所必需的內部控制負責。

核數師的責任

我們的責任是根據我們的審計對該等綜合財務報表發表意見,並按照百慕達《一九八一年公司法》第90條僅向整體股東報告我們的意見,除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

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Independent Auditor's Report

獨立核數師報告

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 March 2016, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 June 2016

我們已根據香港會計師公會頒布的香港審計準則進行審計。該等準則要求我們遵守道德規範，並規劃及執行審計以對合併財務報表是否不存在任何重大錯誤陳述獲取合理保證。

審計涉及執行情序以獲取有關合併財務報表所載金額及披露資料的審計憑證。所選擇的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致合併財務報表存在重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司擬備真實而中肯的合併財務報表相關的內部控制，以設計適當的審計程序，但目的並非對公司內部控制的有效性發表意見。審計亦包括評價董事所採用會計政策的恰當性及作出會計估計的合理性，以及評價合併財務報表的整體列報方式。

我們相信，我們所獲得的審計憑證能充足和適當地為我們的審計意見提供基礎。

意見

我們認為，該等綜合財務報表已根據香港財務報告準則真實而中肯地反映貴公司及其附屬公司於二零一六年三月三十一日的財務狀況及彼等截至該日止年度的財務表現及現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。

羅兵咸永道會計師事務所
執業會計師

香港，二零一六年六月二十二日

Consolidated Statement of Financial Position

綜合財務狀況表

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

		As at 31 March 於三月三十一日		
		Note 附註	2016 二零一六年	2015 二零一五年
ASSETS	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備	6	1,307,819	1,405,495
Land use rights	土地使用權	7	185,688	194,060
Intangible assets	無形資產	8	3,261,635	2,897,367
Investments in associates	於聯營公司之投資	9	337,616	227,795
Investment in a jointly controlled entity	於共同控制實體之投資	10	-	6,987
Available-for-sale financial assets	可供出售金融資產	11	222,488	225,217
Deferred income tax assets	遞延所得稅資產	12	79,788	65,194
			5,395,034	5,022,115
Current assets	流動資產			
Inventories	存貨	13	834,024	818,433
Trade and other receivables	貿易及其他應收款項	14	1,440,690	1,309,693
Financial assets at fair value through profit or loss	以公允價值計量且其變動計入損益的金融資產	15	229,149	124,535
Available-for-sale financial assets	可供出售金融資產	11	165,617	-
Restricted bank deposit	受限制現金	16	117,130	-
Short-term time deposits	短期定期存款	16	220,527	951,802
Cash and cash equivalents	現金及現金等價物	16	3,184,051	2,674,289
			6,191,188	5,878,752
Total assets	總資產		11,586,222	10,900,867
EQUITY	權益			
Capital and reserves attributable to the Company's equity holders	本公司權益持有人應佔股本及儲備			
Share capital	股本	17	310,666	310,432
Reserves	儲備	19	813,203	1,188,606
Retained earnings	保留盈利	20	9,063,371	7,670,008
			10,187,240	9,169,046
Non-controlling interests	非控制性權益		343,178	234,796
Total equity	總權益		10,530,418	9,403,842
LIABILITIES	負債			
Non-current liabilities	非流動負債			
Deferred income tax liabilities	遞延所得稅負債	12	85,329	72,607
Trade and other payables	貿易及其他應付款項	22	38,441	-
			123,770	72,607
Current liabilities	流動負債			
Borrowings	貸款	21	18,002	750,278
Trade and other payables	貿易及其他應付款項	22	794,679	562,030
Current income tax liabilities	當期所得稅負債		119,353	112,110
			932,034	1,424,418
Total liabilities	總負債		1,055,804	1,497,025
Total equity and liabilities	總權益及負債		11,586,222	10,900,867

The notes on pages 100 to 207 are an integral part of these consolidated financial statements.

第100至207頁的附註為本綜合財務報表的整體部份。

On behalf of the Board

代表董事會

Ms. CHU Lam Yiu
朱林瑤女士
Chairwoman
主席

Mr. XIA Li Qun
夏利群先生
Director
董事

Consolidated Income Statement

綜合收益表

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

		Year ended 31 March		
		截至三月三十一日止年度		
		Note	2016	2015
		附註	二零一六年	二零一五年
Sales	營業額	5	3,928,217	4,326,486
Cost of goods sold	銷售成本	24	(1,223,041)	(1,301,169)
Gross profit	毛利		2,705,176	3,025,317
Other income and other gains – net	其他收入及其他收益 – 淨額	23	197,427	263,205
Selling and marketing expenses	銷售及市場推廣開支	24	(253,346)	(204,650)
Administrative expenses	行政費用	24	(901,154)	(763,727)
Operating profit	營運盈利		1,748,103	2,320,145
Finance income	財務收入		85,973	83,095
Finance costs	融資成本		(12,558)	(13,988)
Finance income – net	財務收入 – 淨額	26	73,415	69,107
Share of profit/(loss) of associates and a jointly controlled entity	應佔聯營公司及共同控制實體之盈利/(虧損)	9, 10	11,397	(3,005)
Profit before income tax	除稅前盈利		1,832,915	2,386,247
Income tax expense	所得稅	27	(365,380)	(391,054)
Profit for the year	本年度盈利		1,467,535	1,995,193
Attributable to:	應佔：			
Equity holders of the Company	本公司權益持有人		1,450,250	1,986,584
Non-controlling interests	非控制性權益		17,285	8,609
			1,467,535	1,995,193
Earnings per share for profit attributable to the Company's equity holders for the year	年內本公司權益持有人應佔的每股盈利			
– Basic (HK cents)	– 基本 (港仙)	28(a)	46.69	64.02
– Diluted (HK cents)	– 攤薄 (港仙)	28(b)	46.66	63.93

The notes on pages 100 to 207 are an integral part of these consolidated financial statements.

第100至207頁的附註為本綜合財務報表的整體部份。

Consolidated Statement of Comprehensive Income

綜合全面收益表

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

		Year ended 31 March 截至三月三十一日止年度	
		2016 二零一六年	2015 二零一五年
Profit for the year	本年度盈利	1,467,535	1,995,193
Other comprehensive income:	其他全面收益：		
<i>Items that may be reclassified to profit or loss</i>	可重新分類至損益的項目		
Fair value changes on available-for-sale financial assets, net of tax	可供出售金融資產之除稅後的公允值變動	(9,451)	13,461
Transfer of reserves to income statement upon sale of available-for-sale financial assets, net of tax	就出售可供出售金融資產而由儲備轉回收益表之除稅後金額	(8,392)	-
Currency translation differences on foreign operations	海外業務之貨幣換算差額	(472,346)	6,341
Other comprehensive income for the year, net of tax	本年度除稅後其他全面收益	(490,189)	19,802
Total comprehensive income for the year, net of tax	本年度除稅後全面收益總額	977,346	2,014,995
Total comprehensive income attributable to:	應佔全面收益總額：		
Equity holders of the Company	本公司權益持有人	971,149	2,006,322
Non-controlling interests	非控制性權益	6,197	8,673
		977,346	2,014,995

The notes on pages 100 to 207 are an integral part of these consolidated financial statements.

第100至207頁的附註為本綜合財務報表的整體部份。

Consolidated Statement of Changes In Equity

綜合權益變動表

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

		Attributable to equity holders of the Company 本公司權益持有人應佔					Total 總權益	
		Note 附註	Share capital 股本	Reserves 儲備	Retained earnings 保留盈利	Total 總計		Non- controlling interests 非控制性權益
Balance at 1 April 2014	於二零一四年四月一日		310,132	1,110,334	7,265,105	8,685,571	314,658	9,000,229
Fair value changes on available-for-sale financial assets, net of tax	可供出售金融資產之除稅後的公允價值變動		-	13,461	-	13,461	-	13,461
Currency translation differences	貨幣換算差額		-	6,277	-	6,277	64	6,341
Profit for the year	本年度盈利		-	-	1,986,584	1,986,584	8,609	1,995,193
Total comprehensive income for the year ended 31 March 2015	截至二零一五年三月三十一日止年度的全面收益總額		-	19,738	1,986,584	2,006,322	8,673	2,014,995
Transactions with owners in their capacity as owners:	與本公司擁有人的交易：							
Appropriations from net profit	自純利撥付	19, 20	-	54,251	(54,251)	-	-	-
Dividends paid to non-controlling interests	向非控制性權益已付的股息		-	-	-	-	(34,553)	(34,553)
Acquisition of additional interest in Sino Investment High-Tech Ltd. ("Sino Investment") from non-controlling interest	向非控制性權益收購中投科技有限公司 (「中投科技」) 額外權益		-	(9,824)	-	(9,824)	(30,176)	(40,000)
Acquisition of additional interest in Huabao Korea Co., Ltd ("Huabao Korea") from non-controlling interest	向非控制性權益收購華寶韓國株式會社 (「華寶韓國」) 額外權益		-	5,137	-	5,137	(23,806)	(18,669)
Employee share option scheme	僱員購股權計劃：							
- Issue of shares upon exercise of share options	- 行使購股權而發行的新股		300	8,970	-	9,270	-	9,270
Final and special dividend for the year ended 31 March 2014	截至二零一四年三月三十一日止年度之末期及特別股息	20	-	-	(542,741)	(542,741)	-	(542,741)
Interim and special dividend for the 6 months ended 30 September 2014	截至二零一四年九月三十日止六個月之中期及特別股息	20	-	-	(984,689)	(984,689)	-	(984,689)
Total transactions with owners	與擁有人交易總額		300	58,534	(1,581,681)	(1,522,847)	(88,535)	(1,611,382)
Balance at 31 March 2015	於二零一五年三月三十一日		310,432	1,188,606	7,670,008	9,169,046	234,796	9,403,842
Balance at 1 April 2015	於二零一五年四月一日		310,432	1,188,606	7,670,008	9,169,046	234,796	9,403,842
Fair value changes on available-for-sale financial assets, net of tax	可供出售金融資產之除稅後的公允價值變動		-	(9,451)	-	(9,451)	-	(9,451)
Reversal of fair value change on disposal of available-for-sale financial assets, net of tax	就出售可供出售金融資產而由儲備轉回收益表之除稅後金額		-	(8,392)	-	(8,392)	-	(8,392)
Currency translation differences	貨幣換算差額		-	(461,258)	-	(461,258)	(11,088)	(472,346)
Profit for the year	本年度盈利		-	-	1,450,250	1,450,250	17,285	1,467,535
Total comprehensive income for the year ended 31 March 2016	截至二零一六年三月三十一日止年度的全面收益總額		-	(479,101)	1,450,250	971,149	6,197	977,346
Transactions with owners in their capacity as owners:	與本公司擁有人的交易：							
Appropriations from net profit	自純利撥付	19, 20	-	56,981	(56,981)	-	-	-
Dividends payable to non-controlling interests	向非控制性權益派付的股息		-	-	-	-	(8,947)	(8,947)
Dividends paid to non-controlling interests	向非控制性權益已付的股息		-	-	-	-	(48,731)	(48,731)
Acquisition of equity interest in Yancheng City Chunzhu Aroma Co., Ltd ("Yancheng Chunzhu")	收購鹽城市春竹香料有限公司 (「鹽城春竹」) 之權益	30(a)	-	-	-	-	84,647	84,647
Acquisition of equity interest in VMR Products LLC and its subsidiaries ("VMR")	收購VMR Products LLC及其子公司 (「VMR」) 之權益	30(b)	-	-	-	-	118,883	118,883
Acquisition of additional equity interest in Yancheng Chunzhu from non-controlling interest	向非控制性權益收購鹽城春竹額外權益		-	-	-	-	-	-
Repurchase of shares in VMR	向其小數股東回購VMR之股份	31(a)	-	39,764	-	39,764	(39,764)	-
Non-controlling interest from newly-incorporated subsidiaries	成立非全資附屬公司之非控制性權益	31(b)	-	(5,070)	-	(5,070)	(7,143)	(12,213)
Employee share option scheme	僱員購股權計劃：							
- Issue of shares upon exercise of share options	- 行使購股權而發行的新股		234	9,631	-	9,865	-	9,865
Share-based payment	股份為基礎的支付：							
- Value of consultant service	- 顧問服務價值		-	2,392	-	2,392	-	2,392
Unclaimed dividend for forfeited shares	被沒收的未領取股息		-	-	94	94	-	94
Total transactions with owners	與擁有人交易總額		234	103,698	(56,887)	47,045	102,185	149,230
Balance at 31 March 2016	於二零一六年三月三十一日		310,666	813,203	9,063,371	10,187,240	343,178	10,530,418

The notes on pages 100 to 207 are an integral part of these consolidated financial statements.

第100至207頁的附註為本綜合財務報表的整體部份。

Consolidated Statement of Cash Flows

綜合現金流量表

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2016 二零一六年	2015 二零一五年
Cash flows from operating activities	經營活動之現金流量			
Cash generated from operations	營運產生之現金	32	1,835,973	2,582,464
Income tax paid	已付所得稅		(363,744)	(440,569)
Net cash generated from operating activities	營運活動產生之現金淨額		1,472,229	2,141,895
Cash flows from investing activities	投資活動之現金流量			
Acquisitions of subsidiaries	收購附屬公司	30	(294,497)	-
Purchases of available-for-sale financial assets	收購可供出售金融資產	11	(228,833)	(52,558)
Proceeds from disposal of available-for-sale financial assets	出售可供出售金融資產所得款項		38,384	-
Deposits paid for acquisition of available-for-sale financial assets	收購可供出售金融資產支付的預付款		(43,204)	-
Acquisition of an associate	收購聯營公司		(5,196)	-
Proceeds from disposal of a jointly controlled entity/an associate	出售共同控制實體／聯營公司所得款項		6,338	10,952
Purchases of financial assets at fair value through profit or loss	購入按公允價值列賬在損益賬處理的金融資產		-	(95,877)
Purchases of property, plant and equipment, land use right and intangible asset	購入物業、機器及設備、土地使用權及無形資產		(137,262)	(154,179)
Proceeds from disposal of property, plant and equipment	出售物業、機器及設備所得款項	32	302	375
Short-term time deposits released/(placed)	提取／(存入)短期定期存款		684,259	(144,425)
Increase in restricted bank deposit	新增受限制現金		(117,130)	-
Dividend received	已收股息		20,495	3,089
Interest received	已收利息		90,192	83,088
Net cash generated from/(used in) investing activities	投資活動產生／(所用)之現金淨額		13,848	(349,535)
Cash flows from financing activities	融資活動之現金流量			
Dividends paid to shareholders and non-controlling interests	向股東及非控制性權益支付股息		(48,731)	(1,565,695)
Acquisition of additional interests in subsidiaries from non-controlling interests	向非控制性權益收購附屬公司額外權益		-	(58,669)
Capital contributions from non-controlling interests	非控制性權益持有人注資之所得款項		3,240	-
Proceeds from issue of shares in connection with exercise of share options	行使購股權而發行的新股所得款項		9,865	9,271
New short-term bank borrowings	新增短期銀行貸款		-	290,150
Repayment of short-term bank borrowings	償還短期銀行貸款		(756,649)	(65,150)
Repayment to a shareholder	償還股東款項		-	(93,985)
Interest paid	已付利息		(14,231)	(13,489)
Repurchase of shares from non-controlling interests	向非控制性權益回購股份		(254)	-
Net cash used in financing activities	融資活動所用之現金淨額		(806,760)	(1,497,567)
Net increase in cash and cash equivalents	現金及現金等價物增加淨額		679,317	294,793
Cash and cash equivalents at 1 April	於四月一日之現金及現金等價物		2,674,289	2,375,345
Effects of currency translation on cash and cash equivalents	貨幣換算對現金及現金等價物的影響		(169,555)	4,151
Cash and cash equivalents at 31 March	於三月三十一日之現金及現金等價物	16	3,184,051	2,674,289

The notes on pages 100 to 207 are an integral part of these consolidated financial statements.

第100至207頁的附註為本綜合財務報表的整體部份。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

1. GENERAL INFORMATION

Huabao International Holdings Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

The Company is an investment holding company. The Company and its subsidiaries (collectively the “Group”) are mainly engaged in the research and development, production, distribution and sale of flavours, reconstituted tobacco leaves, aroma raw materials, fragrances and new materials in the People’s Republic of China (the “PRC”). Ms. Chu Lam Yiu, who is the Chairwoman of the Board of Directors, holds approximately 41% beneficial equity interest in the Company as at 31 March 2016, and is the single largest shareholder of the Company.

These consolidated financial statements are presented in thousands of units of HK dollars (“HKD’000”) unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 22 June 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants. The consolidated financial statements have been prepared under the historical cost convention, as modified by remeasurement of available-for-sale financial assets and financial assets at fair value through profit or loss, which are carried at fair value.

(除另有指明者外，所有金額均以港幣千元列示)

1. 一般資料

華寶國際控股有限公司（「本公司」）於百慕達註冊成立為獲豁免有限公司。其註冊辦事處地址為Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda。

本公司的股份主要於香港聯合交易所有限公司（「聯交所」）上市。

本公司為投資控股公司。本公司及其附屬公司（「本集團」）之業務主要在中華人民共和國（「中國」）研究及發展、生產、分銷及銷售食用香精、煙草薄片、香原料、日用香精及新材料。朱林瑤女士（「朱女士」）乃本公司之董事局主席，於二零一六年三月三十一日，朱女士持有本公司約41%之權益，為本公司的單一大股東。

本綜合財務報表除另有說明者外，均以港幣千元（「港幣千元」）列示。本綜合財務報表已於二零一六年六月二十二日獲董事會批准刊發。

2. 主要會計政策摘要

編製本綜合財務報表所應用的主要會計政策載於下文。除另有說明者外，此等政策在所呈報的所有年度內貫徹應用。

2.1 編製基準

本公司綜合財務報表乃根據香港會計師公會頒佈所有適用的香港財務報告準則（「香港財務報告準則」），並按歷史成本法編製，且就重新計量之可供出售金融資產及以公允價值計量且其變動計入損益的金融資產而作出修訂。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.1 Basis of preparation (Continued)

2.1 編製基準 (續)

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

編製符合香港財務報告準則的財務報表須使用若干關鍵會計估算，管理層亦須於應用本集團會計政策過程中行使其判斷，而涉及高度的判斷或高度複雜性之範疇，或涉及對綜合財務報表作出重大假設和估算的範疇，在附註4中披露。

(a) New and amended standards adopted by the Group

(a) 本集團已採納的新訂和已修改的準則

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 April 2015:

本集團已於二零一五年四月一日或之後開始的財政年度首次採納下列修改：

Amendment to HKAS 19 on contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

香港會計準則第19號修改。有關設定受益計劃：職工供款這些有限範圍的修改適用於由職工或第三方向設定受益計劃供款的情況。此項修改區分了僅與當期服務相關的供款以及與以後期間服務相關的供款的情況。該項修改允許與服務相關，但是並不根據服務期限的長短而變動的供款，可以在該項服務提供期間確認的相關成本中抵減。與服務相關的供款，並且根據服務期限的長短而變動的供款，必須在服務期間內，按照與設定受益供款計劃相同的分配方法進行分攤。

Amendments from annual improvements to HKFRSs – 2010 – 2012 Cycle, on HKFRS 8, 'Operating segments', HKAS 16, 'Property, plant and equipment' and HKAS 38, 'Intangible assets' and HKAS 24, 'Related party disclosures'.

2010-2012年報告週期年度改進項目的變動包括香港會計準則第8號「經營分部」、香港會計準則第16號「物業、廠房及設備」、香港會計準則第38號「無形資產」及第24號「關聯方披露」。

Amendments from annual improvements to HKFRSs – 2011 – 2013 Cycle, on HKFRS 3, 'Business combinations', HKFRS 13, 'Fair value measurement' and HKAS 40, 'Investment property'.

2011-2013年報告週期年度改進項目的變動包括香港財務報告準則第3號「業務合併」、香港財務報告準則第13號「公允價值計量」及香港會計準則第40號「投資性房地產」。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要(續)

2.1 Basis of preparation (Continued)

- (a) New and amended standards adopted by the Group (Continued)

The Group has early adopted amendments to HKAS16 and HKAS41, "Agriculture: bearer plants". As at 31 March 2016, the Group recognised its newly acquired bearer plants as property, plant and equipment amounting to approximately HKD3,396,000 (2015: None).

The impact of adoption of the improvements and amendments are not material to the Group.

- (b) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

2.1 編製基準(續)

- (a) 本集團已採納的新訂和已修改的準則(續)

香港財務報告準則第16號及第41號「結果實的植物」之修改。集團於年內購入結果實的植物並確認為不動產、廠房及設備，截至二零一六年三月三十一日，該結果實的植物之淨值約為港幣3,396,000元(二零一五年：無)。

改進項目的變動對集團並無重大影響。

- (b) 新香港《公司條例》(第622章)

新香港《公司條例》(第622章)第9部「賬目和審計」的規定已於本財政年度內生效，因此，合併財務報表的若干資料的呈報和披露有所變動。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.1 Basis of preparation (Continued)

2.1 編製基準 (續)

(c) The following new standards and amendments to standards are not yet effective and have not been early adopted by the Group:

(c) 下列仍未生效而本集團亦無提早採納的準則及對現有準則的修改：

		Effective for annual periods beginning on or after 之後開始的年度期間起生效
HKFRS 14 "Regulatory deferral accounts"	香港財務報告準則第14號 「監管遞延賬目」	1 January 2016 二零一六年一月一日
HKFRS 11 (Amendment) on accounting for acquisitions of interests in joint operations	香港財務報告準則第11號(修改) 「收購共同經營權益的會計法」	1 January 2016 二零一六年一月一日
HKAS 16 and HKAS 38 (Amendment) on clarification of acceptable methods of depreciation and amortisation	香港會計準則第16號及第38號 (修改)「折舊與攤銷的可接受方法的澄清」	1 January 2016 二零一六年一月一日
HKFRS 10 and HKAS 28 (Amendment) on the sale or contribution of assets between an investor and its associate or joint venture	香港財務報告準則第10號及香港會計準則第28號(修改)「投資者與其聯營或合營企業之間的資產出售或注資」	1 January 2016 二零一六年一月一日
HKAS 27 (Amendment) "Equity method in separate financial statements"	香港會計準則第27號(修改) 「獨立財務報表之權益表」	1 January 2016 二零一六年一月一日
Annual improvements 2014 on changes from the 2012-2014 cycle of the annual improvements project	2014年度改進包括2012-2014週期年度改進項目的變動	1 January 2016 二零一六年一月一日
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment) on investment entities: applying the consolidation exception	香港財務報告準則第10號、香港財務報告準則第12號及香港會計準則第28號(修改)「關於投資性主體：應用合併的例外規定」	1 January 2016 二零一六年一月一日
HKAS 1 for the disclosure initiative	香港會計準則第1號(修改) 「披露計劃」	1 January 2016 二零一六年一月一日
HKFRS 15 "Revenue from contracts with customers"	香港財務報告準則第15號 「客戶合同收入」	1 January 2018 二零一八年一月一日
HKFRS 9 "Financial instruments"	香港財務報告準則第9號「金融工具」	1 January 2018 二零一八年一月一日
HKFRS 16 "Leases"	香港財務報告準則第16號「租賃」	1 January 2019 二零一九年一月一日

Management is currently assessing the impact of the above new and amended standards to the Group's consolidated financial statements.

管理層現正評估該等新修改之準則對本集團的綜合財務報表的影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.2 Consolidation

2.2 綜合賬目

(a) Subsidiaries

(a) 附屬公司

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

附屬公司指本集團對其有控制權的所有實體(包括結構性實體)。當本集團乃由於參與該實體而承擔可變回報的風險或享有可變回報的權益，並有能力透過其對該實體的權力影響此等回報時，本集團即控制該實體。附屬公司在控制權轉移至本集團之日全面綜合入賬。附屬公司在控制權終止之日起停止綜合入賬。

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

會計法收購法乃用作本集團收購附屬公司的入賬方法。收購附屬公司的轉讓代價為本集團所轉讓資產、所產生負債及所發行的股權的公允價值。所轉讓代價包括或有代價安排所產生的任何資產或負債的公允價值。於業務合併時所收購可識別的資產以及所承擔的負債及或然負債，初步按收購日的公允價值計量。

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

就逐項收購基準，本集團可按公允價值或按非控制性權益應佔被收購方淨資產的比例，計量被收購方的非控制性權益。非控制性權益的所有其他組成部份按收購日期的公允價值計量，除非香港財務報告準則規定必須以其他計量基準計算。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.2 Consolidation (Continued)

2.2 綜合賬目 (續)

(a) Subsidiaries (Continued)

(a) 附屬公司 (續)

(i) Business combinations

(i) 業務合併

Acquisition-related costs are expensed as incurred.

收購的相關成本在產生時支銷。

If the business combination is achieved in stages, the acquisition date carrying amount of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

如業務合併分階段進行，收購方之前在被收購方持有的權益按收購日期的公允價值在損益中重新計量，重新計量產生的任何盈虧在損益中確認。

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

集團將轉讓的任何或有對價按收購日期的公允價值計量。被視為資產或負債的或有對價公允價值的其後變動，根據香港會計準則第39號的規定，在損益中或作為其他收益的變動確認。分類為權益的或有對價不重新計量，其之後的結算在權益中入賬。

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

所轉讓對價、被收購方的任何非控制性權益數額，及在被收購方之前任何權益在收購日的公允價值，超過所購入可辨識淨資產的數額記錄為商譽。如所轉讓對價、確認的任何非控制性權益及之前持有的權益計量，低於購入附屬公司淨資產的公允價值，則將該數額直接在收益中確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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(除另有指明者外，所有金額均以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.2 Consolidation (Continued)

2.2 綜合賬目 (續)

(a) Subsidiaries (Continued)

(a) 附屬公司 (續)

(i) Business combinations (Continued)

(i) 業務合併 (續)

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

集團內公司之間的交易、結餘及交易的未變現利得予以對銷。未變現損失亦予以對銷，除非交易提供所轉撥資產的減值證據。子公司報告的數額已按需要作出改變，以確保與本集團採用的政策符合一致。

(ii) Changes in ownership interests in subsidiaries without change of control

(ii) 不導致失去控制權的附屬公司權益變動

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

本集團將其非控制性權益進行、不導致失去控制權的交易入賬為權益交易 – 即與附屬公司所有者以其作為所有者身份進行的交易。所支付任何對價的公允價值與相關應佔所收購附屬公司淨資產賬面值的差額記錄為權益。向非控制權益的處置的盈虧亦記錄在權益中。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.2 Consolidation (Continued)

2.2 綜合賬目 (續)

(a) Subsidiaries (Continued)

(a) 附屬公司 (續)

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

(iii) 出售附屬公司

當集團不再持有控制權，在實體的任何保留權益於失去控制權當日重新計量至公允價值，賬面值的變動在損益中確認。公允價值為就保留權益的後續入賬而言的初始賬面值，作為聯營、合營或金融資產。此外，之前在其他綜合收益中確認的任何數額猶如本集團已直接處置相關資產和負債。這意味著之前在其他綜合收益中確認的數額重新分類至損益。

(b) Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

(b) 聯營公司

聯營公司指所有本集團對其有重大影響力而無控制權的實體，通常附帶有20%至50%投票權的股權。於聯營公司之投資以權益法入賬。根據權益法，投資初始以成本確認，而賬面值被增加或減少以確認投資者享有被投資者在收購日期後的損益份額。本集團於聯營公司之投資包括收購時已識辨之商譽。在購買聯營企業的投資時，購買成本與本集團享有的對聯營企業可辨認資產和負債的公允價值淨額的差額確認為商譽。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要(續)

2.2 Consolidation (Continued)

2.2 綜合賬目(續)

(b) Associates (Continued)

(b) 聯營公司(續)

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

如聯營公司的權益持有被削減但仍保留重大影響力，只有按比例將之前在其他綜合收益中確認的數額重新分類至損益(如適當)。

The Group's share of post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in consolidated other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

本集團應佔收購後聯營公司的盈利或虧損於綜合收益表內確認，而應佔收購後的其他全面收益表變動則於其他綜合收益表內確認，並相應調整賬面值。如本集團應佔一家聯營公司之虧損等於或超過其在該聯營公司之權益，包括任何其他無抵押應收款，本集團不會進一步確認虧損，除非本集團對聯營公司已產生法律或推定債務或已代聯營公司作出付款。

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of an associate in the income statement.

本集團在每個報告日期釐定是否有客觀證據證明聯營公司投資已減值。如投資已減值，本集團計算減值，數額為聯營公司可收回數額與其賬面值的差額，並在收益表中的「應佔聯營公司盈利／(虧損)」中確認。

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

本集團與其聯營公司之間的上游及下游交易的盈虧，在本集團的財務報表中確認，但僅限於無關連投資者在聯營公司權益的數額。除非交易提供證據顯示所轉讓資產已減值，否則未實現虧損亦予以對銷。聯營公司的會計政策已按需要作出改變，以確保與本集團採用的政策符合一致。

Gain or losses on dilution of equity interest in associates are recognised in the income statement.

在聯營公司的攤薄盈虧於綜合收益表內確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.2 Consolidation (Continued)

2.2 綜合賬目 (續)

(c) Jointly controlled entity

(c) 共同控制實體

The Group has applied HKFRS 11 “Joint arrangements” to all joint arrangements. According to HKFRS 11, Investments in joint arrangements are classified either as joint operations or joint ventures, depending on the contractual rights and obligations each investor has. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

本集團已對所有合營安排應用香港財務報告準則第11號。根據香港財務報告準則第11號，在合營安排的投資必須分類為共同經營或合營企業，視乎每個投資者的合同權益和義務而定。本公司已評估其合營安排的性質並釐定為合營企業。合營企業按權益法入賬。

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

根據權益法，合營企業權益初始以成本確認，其後經調整以確認本集團應佔收購後的盈利或虧損及在其他全面收益變動。當本集團享有某一合營企業的虧損超過或相等於在該合營企業的權益（包括任何實質上構成本集團在該合營淨投資的長期權益），則本集團不會進一步確認虧損，除非本集團已產生義務或已代合營企業付款。

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed to ensure consistency with the policies adopted by the Group.

本集團與其合營企業之間的未變現交易盈利乃按本集團在該等合營企業的權益予以對銷。未變現虧損也予以對銷，除非交易提供證據證明所轉讓的資產出現減值。合營企業的會計政策已按需要作出改變，以確保與本集團所採納的政策符合一致。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars ("HKD"), which is the Company's functional currency and the Group's presentation currency.

2.3 獨立財務報表

附屬公司投資按成本扣除減值列賬。成本亦包括投資的直接歸屬成本。附屬公司的業績由本公司按已收及應收股息入賬。

如股息超過宣派股息期內附屬公司的總綜合收益，或如在獨立財務報表的投資賬面值超過綜合財務報表中被投資公司淨資產（包括商譽）的賬面值，則必須對附屬公司投資作減值測試。

2.4 分部報告

經營分部按照向主要經營決策者提供的內部報告貫徹一致的方式報告。主要經營決策者被認為作出策略性決定的執行董事負責分配資源和評估經營分部的表現。

2.5 外幣換算

(a) 功能和列賬貨幣

本集團各實體之財務報表所包括的項目，乃按該實體經營所在的主要經濟環境的貨幣（「功能貨幣」）計量。本綜合財務報表以港幣列示，此乃本公司的功能貨幣及本集團的列賬貨幣。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.5 Foreign currency translation (Continued)

2.5 外幣換算 (續)

(b) Transactions and balances

(b) 交易及結餘

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

外幣交易均按當日的匯率交易或項目重新計量時按估值換算為功能貨幣。除了現金流對衝或淨投資對衝造成的匯兌盈虧，結算此等交易產生的匯兌盈虧以及將外幣計值的貨幣資產和負債以年終匯率換算產生的匯兌盈虧在收益表內確認。

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "finance income or costs". All other foreign exchange gains and losses are presented in the consolidated income statement within "other income and other gains – net".

與貸款和現金及現金等價物有關的匯兌盈虧在綜合收益表內的「財務收入或成本」中列報。所有其他匯兌盈虧在綜合收益表內的「其他收入及其他收益 – 淨額」中列報。

Changes in the fair value of debt securities denominated in foreign currency classified as available for sale are analysed between currency translation differences resulting from changes in the amortised cost of the securities and other changes in the carrying amount of the securities. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

被分類為可供出售且以外幣為單位的貨幣性證券的公允價值變動，按照證券的攤銷成本變動與該證券賬面值的其他變動所產生的換算差額進行分析。與攤銷成本變動有關的換算差額確認為盈虧，賬面值的其他變動則於其他全面收益中確認。

Translation differences on non-monetary financial assets such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

非貨幣性金融資產(例如以公允價值計量且其變動計入損益的權益)的換算差額列報為公允價值利得和損失的一部份。非貨幣性金融資產(例如分類為可供出售的權益)的換算差額包括在其他全面收益中。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.5 Foreign currency translation (Continued)

2.5 外幣換算 (續)

(c) Group companies

(c) 集團公司

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

功能貨幣與列賬貨幣不同的所有集團實體（當中沒有嚴重通脹的貨幣）的業績及財務狀況，乃按以下方式換算為列報貨幣：

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income.

- (i) 每份呈報的財務狀況表所呈列之資產及負債乃按其結算日之收市匯率換算；

- (ii) 每份收益表內的收入和費用乃按平均匯率換算（除非該平均匯率並不代表交易當日匯率的累計影響的合理約數；在此情況下，收支則按交易當日的匯率換算）；及

- (iii) 所有因此而產生的匯兌差額在其他全面收益中確認。

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

收購海外實體產生的商譽及公允價值調整視為該海外實體的資產和負債，並按收市匯率換算。產生的匯兌差額在其他全面收益中確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.5 Foreign currency translation (Continued)

2.5 外幣換算 (續)

(d) Disposal of foreign operation and partial disposal

(d) 處置和部份處置海外業務

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the company are reclassified to profit or loss.

對於海外業務的處置(即處置集團在海外業務中的全部權益，或者處置涉及喪失對擁有海外業務的附屬公司的控制權，或涉及喪失對擁有海外業務的共同控制實體的共同控制權，或涉及喪失對擁有海外業務的聯營企業的控制權)，就該項經營累計計入權益的歸屬於公司權益持有者的所有匯兌差額均重分類至損益。

In the case of a partial disposal that does not result in the Group's losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or jointly controlled entities that do not result in the Group's losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

對於並不導致集團喪失對擁有海外業務的附屬公司的控制權的部份處置，集團在累計匯兌差額中的比例份額重新歸屬於非控制性權益並且不在損益中確認。對於所有其他部份處置(即集團在聯營企業或共同控制實體中的所有權益的減少並不導致集團喪失重大影響或共同控制權)，集團在累計匯兌差額中的比例份額重分類至損益。

2.6 Property, plant and equipment

2.6 物業、機器及設備

Construction in progress represents the direct costs of construction of property, plant and equipment incurred plus interest capitalised less any impairment losses. No provision for depreciation is made on construction in progress until such time the relevant assets are completed and available for their intended use.

在建工程乃指興建物業、機器及設備所引起之直接並加上完工日前之資本化利息扣除任何減值虧損。在建工程不予折舊，直至相關資產完成及可供使用為止。

All other property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

所有其他物業、機器及設備按歷史成本扣除折舊及減值虧損列賬。歷史成本包括收購該等項目直接應佔的開支。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要(續)

2.6 Property, plant and equipment (Continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings	20 years
Plant and machinery	5-10 years
Motor vehicles	5 years
Furniture, fixtures and equipment	5-10 years
Leasehold improvements	2-5 years or over the lease term, whichever is shorter

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other income and other gains – net", in the consolidated income statement.

2.6 物業、機器及設備(續)

僅在與項目相關之日後經濟效益有可能流入本集團，而有關項目的成本能夠可靠地計量時，其後成本才包括在資產的賬面值或確認為一項獨立資產（如適用）。被替換部份資產賬目值終止確認。所有其他維修保養費用於其產生的財政期間於收益表中支銷。

物業、機器及設備以直線法計算折舊，並按估計可使用年期分配至其剩餘價值，估計可使用年期如下：

樓宇	20年
機器及設備	5至10年
汽車	5年
傢俬、裝置及設備	5至10年
租賃物業改良	2至5年或 按租賃年期， 以較短者為準

於每個結算日均會檢討資產剩餘價值及可使用年期，並在適當情況下作出調整。倘資產賬面值高於其估計可收回金額，該資產的賬面值即時被撇減至其可收回金額（附註2.9）。

出售盈虧乃比較所得款項與賬面值而釐定，在收益表內的「其他收入及其他收益－淨額」中確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.7 Land use rights

Land use rights are up-front payments to acquire long-term interests in the usage of land. They are stated at cost and charged to the consolidated income statement over the remaining period of the lease on a straight-line basis, net of any impairment losses.

2.7 土地使用權

土地使用權是為在使用土地時獲取長期利益而預先支付的款項。土地使用權所預付租賃款在租賃期內按照直線法扣除任何減值虧損在綜合收益表中支銷。

2.8 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.8 無形資產

(a) 商譽

商譽產生自收購附屬公司並相當於所轉讓對價、被收購方的任何非控制性權益數額，及在被收購方之前任何權益在收購日期的公允價值，超過購入可辨識淨資產公允價值之數額。

就減值測試而言，在業務合併中購入的商譽會分配至每個現金產出單元或現金產出單元組（預期可從合併中獲取協同利益）。商譽被分配的每個單元或單元組指在主體內商譽被監控作內部管理用途的最低層次。商譽在經營分部層次進行監控。

對商譽的減值檢討每年進行，或如事件或情況轉變顯示可能存在減值，則更頻密地檢討。商譽賬面值與可收回數額（使用價值與公允價值減出售成本較高者）比較。任何減值須即時確認及不得在之後期間撥回。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.8 Intangible assets (Continued)

2.8 無形資產 (續)

(b) *Customer relationships and non-competition agreement*

Customer relationships and non-competition agreement acquired as part of a business combination are capitalised separately from goodwill and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the intangible assets over their estimated useful lives of 5 to 10 years.

(b) *客戶關係及非同業競爭協議*

客戶關係及非同業競爭協議為業務合併的一部份，並已資本化與商譽分開，按成本減累計攤銷及累計減值虧損列賬。攤銷以直線法將無形資產的成本按其估計可使用年期5至10年計算。

(c) *Trademarks and licenses*

Separately acquired trademarks and licenses are shown at historical cost. Trademarks and licenses acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licenses over their estimated useful lives of 10 to 20 years.

(c) *商標及許可證*

分開購入的商標及許可證按歷史成本列賬。在業務合併中購入的商標及許可證按購買日的公允價值列賬。商標及許可證具有有限可使用年期，按成本減累計攤銷和累計減值準備列賬。攤銷以直線法將商標的成本按其估計可使用年期10至20年計算。

(d) *Computer software*

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 5 years.

(d) *電腦軟件*

購入的電腦軟件牌照按購入及使用該特定軟件達到可使用時所產生的成本作資本化處理。此等成本按估計可使用年期(三至五年)攤銷。

(e) *Patents*

Patents include purchased technology and skills acquired from third parties. They have a finite useful life and carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the technology and skills over their estimated useful life of 3 to 10 years.

(e) *專利*

專利乃購自第三方的技術並具有有限可使用期，按成本減累計攤銷及及累計減值虧損列賬。攤銷以直線法將專利及技術的成本按其估計可使用年期3至10年計算。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.8 Intangible assets (Continued)

2.8 無形資產 (續)

(f) Other intangible assets

(f) 其他無形資產

Other intangible assets mainly include product design and domain name. They are initially recognised and measured at cost or estimated fair value of intangible assets acquired through business combinations. They have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of 5 years.

其他無形資產主要為產品設計及網上平台，它們按按歷史成本列賬或於業務合併時按購買日的公允價值列賬，它們具有有限可使用年期，按成本減累計攤銷和累計減值準備列賬。攤銷以直線法將商標的成本按其估計可使用年期5年計算。

2.9 Impairment of non-financial assets

2.9 非金融資產的減值

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

不確定使用年期之資產（如商譽或尚未可供使用的無形資產）無需攤銷，但至少每年就減值進行測試。各項資產，當有事件出現或情況改變顯示賬面值可能無法收回時就減值進行檢討。減值虧損按資產之賬面值超出其可收回金額之差額確認。可收回金額以資產之公允價值扣除銷售成本或使用價值兩者之較高者為準。於評估減值時，資產按可分開識別現金流量（現金產出單位）的最低層次組合。除商譽外，已蒙受減值的非金融資產在每個報告日期均就減值是否可以撥回進行檢討。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.10 Financial assets

2.10 金融資產

2.10.1 Classification

2.10.1 分類

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

本集團將其金融資產分為以下類別：以公允價值計量且其變動計入損益，貸款及應收款項及可供出售。分類視乎購入財務資產之目的。管理層在初始確認時確定財務資產的分類。

(a) Financial assets at fair value through profit or loss

(a) 以公允價值計量且其變動計入損益的金融資產

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

以公允價值計量且其變動計入損益的金融資產指交易性金融資產。金融資產若在購入時主要用作在短期內出售，則分類為此類別。衍生工具除非被指定為套期，否則亦分類為持作交易性。在此類別的資產假若預期在12個月內結算，分類為流動資產；否則分類為非流動資產。

(b) Loans and receivables

(b) 貸款及應收款項

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group and Company's loans and receivables comprise "trade and other receivables", "cash and cash equivalents", "restricted bank deposits", "amounts due from subsidiaries" and "short-term time deposits" in the statements of financial position.

貸款及應收款為固定或可釐定付款且沒有在活躍市場上報價的非衍生金融資產。此等款項包括在流動資產內，但若由結算日起計超過12個月到期者，則分類為非流動資產。貸款及應收款列示於財務狀況表中「貿易及其他應收款項」、「現金及現金等價物」、「應收附屬公司款項」及「短期定期存款」內。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.10 Financial assets (Continued)

2.10 金融資產 (續)

2.10.1 Classification (Continued)

2.10.1 分類 (續)

(c) Available-for-sale financial assets

(c) 可供出售金融資產

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

可供出售金融資產為被指定作此類別或並無分類為任何其他類別的非衍生工具。除非投資到期或管理層有意在結算日後12個月內處置該投資，否則此等資產列在非流資產內。

2.10.2 Recognition and measurement

2.10.2 確認和計量

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

常規購入及出售的金融資產在交易日確認—交易日指本集團承諾購入或出售該資產之日。對於並非按公允價值透過損益記賬的所有金融資產，其投資初步按公允價值加交易成本確認。以公允價值計量且其變動計入損益的金融資產，初始按公允價值確認，而交易成本則在收益表中支銷。當從投資收取現金流量的權利經已到期或經已轉讓，而本集團已將擁有權的所有風險和回報實際轉讓時，金融資產即終止確認。可供出售金融資產以公允價值計量且其變動計入損益的金融資產其後按公允價值列賬。貸款及應收款其後利用實際利息法按攤銷成本列賬。

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in the income statement within “other income and other gains – net” in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of other income when the Group’s right to receive payments is established.

以公允價值計量且其變動計入損益的金融資產類別的公允價值變動所產生的利得或損失，於其產生的期間呈列在利潤表的「其他收入及其他收益—淨額」內。以公允價值計量且其變動計入損益的金融資產的股利收入，當集團收取款項的權利確定時列為其他收入的一部份。

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

分類為可供出售的貨幣性及非貨幣性證券的公允價值變動在其他全面收益表中確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.10 Financial assets (Continued)

2.10 金融資產 (續)

2.10.2 Recognition and measurement (Continued)

2.10.2 確認和計量 (續)

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as "other income and other gains – net".

當分類為可供出售的證券售出或減值時，在權益中確認的累計公允價值調整列入收益表內作為「其他收入及其他收益 – 淨額」。

Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

可供出售權益工具的股息，當本集團收取有關款項的權利確定時，在綜合收益表內確認為其他收入的一部份。

2.11 Offsetting financial instruments

2.11 抵銷金融工具

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

當有法定可執行權力可抵銷已確認金額，並有意圖按淨額基準結算或同時變現資產和結算負債時，金融資產與負債可互相抵銷，並在財務狀況表報告其淨額。法定可執行權利必須不得依賴未來事件而定，而在一般業務過程中以及倘公司或對手方一旦出現違約、無償債能力或破產時，這也必須具有約束力。

2.12 Impairment of financial assets

2.12 金融資產減值

(a) Assets carried at amortised cost

(a) 以攤銷成本列賬的資產

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

本集團於每個結算日評估是否存在客觀證據證明某一金融資產或某一組金融資產出現減值。只有當存在客觀證據證明於首次確認資產後發生一宗或多宗事件導致出現減值（「虧損事項」），而該宗（或該等）虧損事項對該項或該組金融資產的估計未來現金流量構成的影響可以合理估計，有關的金融資產或金融資產組才算出現減值及產生減值虧損。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.12 Impairment of financial assets (Continued)

2.12 金融資產減值 (續)

(a) Assets carried at amortised cost (Continued)

(a) 以攤銷成本列賬的資產 (續)

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

減值虧損的證據可包括債務人或一組債務人遇上嚴重財務困難、逾期或拖欠償還利息或本金、債務人很有可能破產或進行其他財務重組，以及有可觀察數據顯示估計未來現金流有可計量的減少，例如與違約有相互關連的拖欠情況或經濟狀況改變。

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

對於貸款及應收款類別，其損失金額乃根據資產賬面值與金融資產按原實際利率貼現而估計未來現金流量（不包括仍未產生的未來信用損失）的現值兩者的差額計量。資產賬面值予以削減，而損失金額則在綜合收益表確認。如貸款或持有到期的投資有浮動利率，計量任何減值損失的貼現率為按合同釐定的當前實際利率。在實際應用中，集團可利用可觀察的市場價格，按工具的公允價值計量減值。

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

如在較後期間，減值虧損的數額減少，而此減少可客觀地聯繫至減值在確認後才發生的事件（例如債務人的信用評級有所改善），則之前已確認的減值虧損可在綜合收益表撥回。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.12 Impairment of financial assets (Continued)

2.12 金融資產減值 (續)

(b) Assets classified as available-for-sale

(b) 可供出售資產

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its costs is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

本集團於每個結算日評估是否存在客觀證據證明某一金融資產或某一組金融資產出現減值。至於分類為可供出售的權益投資，證券公允價值的大幅度或長期跌至低於其成本值，亦是證券已經減值的證據。若可供出售金融資產存在此等證據，累計虧損 – 按收購成本與當時公允價值的差額，減該金融資產之前在損益確認的任何減值虧損計算 – 自權益中剔除並在收益中記賬。在綜合收益表確認的權益工具的減值虧損不會透過綜合收益表撥回。

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 存貨

存貨按成本及可變現淨值兩者中的較低者列賬。成本按加權平均法釐定。製成品及在製品的成本主要包括原材料、直接勞工、其他直接成本及相關的生產開支（根據正常營運能力）。這不包括貸款成本。可變現淨值乃按正常業務過程中的估計售價，減去適用的變動銷售開支計算。

2.14 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

2.14 貿易及其他應收款項

貿易應收賬款為在日常經營活動中就商品銷售或服務執行而應收客戶的款項。如貿易應收賬款及其他應收款的收回預期在一年或以內（如仍在正常經營週期中，則可較長時間），其被分類為流動資產；否則分類為非流動資產。

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

貿易及其他應收款項最初以公允價值確認，其後以實際利息法按攤銷成本扣除減值撥備計量。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.15 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.15 現金及現金等價物

現金及現金等價物包括手頭現金、銀行通知存款及其他短期高流動性投資，其到期日為三個月或以下。

2.16 Share capital

Ordinary shares are classified as equity.

2.16 股本

普通股列為權益。

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

直接歸屬於發行新股或購股權的新增成本在權益中列為所得款的減少（扣除稅項）。

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to owners of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to owners of the Company.

如任何集團公司購入本公司的權益股本（庫存股份），所支付的對價，包括任何直接所佔的新增成本（扣除所得稅），自歸屬於本公司權益持有人的權益中扣除，直至股份被註銷或重新發行為止。如股份其後被重新發行，任何已收取的對價（扣除任何直接所佔的新增交易費用及相關受影響的所得稅）包括在歸屬於本公司權益持有人的權益。

2.17 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

2.17 貸款

貸款按公允價值並扣除產生的交易費用為初始確認。貸款其後按攤銷成本列賬；所得款（扣除交易成本）與贖回價值的任何差額利用實際利率法於貸款期間內在收益表確認。

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

設立貸款融資時支付的費用倘部份或全部融資將會很可能提取，該費用確認為貸款的交易費用。在此情況下，費用遞延至貸款提取為止。如沒有證據證明部份或全部融資將會很可能被提取，則該費用資本化作為流動資金服務的預付款，並按有關的融資期間攤銷。

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

除非本集團可無條件將負債的結算遞延至結算日後最少12個月，否則貸款分類為流動負債。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要(續)

2.18 Borrowing costs

General and specific borrowing costs attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the consolidated income statement in the period in which they are incurred.

Borrowing costs include interest expense and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on interest rates on similar borrowings in the entity's functional currency.

2.19 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18 貸款成本

直接歸屬於收購、興建或生產合資格資產(指必須經一段長時間籌備以作其預定用途或銷售的資產)的一般及特定貸款成本，加入該等資產的成本內，直至資產大致上備妥供其預定用途或銷售為止。

就特定貸款，因有待合資格資產的支出而臨時投資賺取的投資收入，應自合資格資本化的貸款成本中扣除。

所有其他的貸款成本都在發生時計入發生年度的綜合收益表。

借款費用包括利息費用和被視為對利息費用的調整的外幣借款匯兌差額。作為利息費用的調整項目的匯兌利得和損失包括主體以功能貨幣借入資金本應發生的借款費用與外幣借款實際發生的借款費用之間的利率差額。該等金額根據主體功能貨幣的類似借款利率估計。

2.19 貿易應付款

貿易應付賬款為在日常經營活動中購買商品或服務而應支付的債務。如應付款的支付日期在一年或以內(如仍在正常經營週期中，則可較長時間)，其被分類為流動負債；否則分類為非流動負債。

貿易應付款初步以公允價值確認，其後利用實際利息法按攤銷成本計量。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.20 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

2.20 當期及遞延所得稅

本期間的稅項支出包括當期和遞延稅項。稅項在綜合收益表中確認，但與其他綜合全面收益中或直接在權益中確認的項目有關者則除外。在該情況下，稅項亦分別在其他綜合全面收益或直接在權益中確認。

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries, associates and jointly controlled entity operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(a) 當期所得稅

當期所得稅支出根據本公司、其附屬公司、聯營公司及共同控制實體營運及產生應課稅收入的國家於結算日已頒佈或實質頒佈的稅務法例計算。管理層就適用稅務法例詮釋所規限的情況定期評估報稅表的狀況，並在適用情況下根據預期須向稅務機關支付的稅款設定撥備。

(b) Deferred income tax

Inside basis difference

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

(b) 遞延所得稅

內在差異

遞延所得稅以負債法就資產與負債的稅基與資產和負債在綜合財務報表的賬面值之差額產生的暫時差異。然而，若遞延所得稅來自商譽的初始確認，以及若遞延所得稅來自在交易（不包括企業合併）中對資產或負債的初始確認，而在交易時不影響會計損益或應課稅盈虧，則不作記賬。遞延稅項採用在結算日前已頒佈或實質上頒佈，並在有關之遞延所得稅資產實現或遞延所得稅負債結算時預期會將適用之稅率（及法例）而釐定。

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

遞延所得稅資產於有可能出現未來應課稅溢利抵銷暫時差額時方會確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.20 Current and deferred income tax (Continued)

2.20 當期及遞延所得稅 (續)

(b) *Deferred income tax (Continued)*

(b) *遞延所得稅 (續)*

Outside basis differences

外在差異

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

就子公司、聯營和合營投資產生的應課稅暫時性差異確認遞延所得稅負債，但不包括本集團可以控制暫時性差異的轉回時間以及暫時性差異在可預見將來很可能不會轉回的遞延所得稅負債。一般而言，本集團無法控制聯營的暫時性差異的撥回。只有當有協議賦予本集團有能力控制暫時性差異的撥回時才不予確認。

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

就子公司、聯營和合營投資產生的可扣減暫時性差異確認遞延所得稅資產，但只限於暫時性差異很可能在將來轉回，並有充足的應課稅利潤抵銷可用的暫時性差異。

(c) *Offsetting*

(c) *抵銷*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

當有法定可執行權利將當期稅項資產與當期稅項負債抵銷，且遞延所得稅資產和負債涉及由同一稅務機關對應課稅實體或不同課稅實體但有意向以淨額基準結算所得稅結餘時，則可將遞延所得稅資產與負債互相抵銷。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.21 Employee benefits

2.21 僱員福利

Pension obligations

退休金責任

The Group operates the Mandatory Provident Fund Scheme (“MPF Scheme”) in Hong Kong which is generally funded through payments to insurance companies under defined contribution plan. It pays contributions to administered pension insurance plans on a mandatory, contractual or voluntary basis. Moreover, all the employees of the Group’s entities incorporated in Mainland China of the PRC (the “Mainland China”) participate in employee social security plans, including pension, medical, housing and other welfare benefits, organised and administered by the local governments. The Group also makes defined contribution to retirement schemes managed by the insurance company in accordance with German regulation and rules for the employees of the subsidiary located in Germany. The Group has no further payment obligations once these contributions have been paid. The contributions are recognised as employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. No pension obligation is required under the Botswana laws and regulation.

本集團於香港設有強制性公積金計劃(「強積金計劃」)，該計劃一般透過根據定額供款向保險公司付款而注資。本集團向管理退休保險計劃作出強制、合約或自願性質供款。此外，所有身為本集團於中華人民共和國(「中國內地」)註冊成立實體之僱員，均已參與由地方政府組織及管理之僱員社會保障計劃，涵蓋退休金、醫療、房屋及其他社會福利。本集團根據德國相關法律和法規為設立於德國的附屬公司之合資格僱員根據定額供款退休計劃向有關保險公司作出供款。本集團的香港公司一經繳付供款後再無進一步付款責任。供款於應付時確認為僱員福利開支，並可由歸屬前離開計劃的僱員所放棄的全數供款撇減。預付供款按照現金退款或未來款項減少而確認為資產。根據博茨瓦納的法律及法規，並無退休金責任的要求。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.22 Share-based payment

2.22 以股份支付之酬金

(a) Share option scheme

(a) 購股權計劃

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

本公司設有一項按權益償付，以股份支付酬金的計劃。根據該計劃，主體收取僱員的服務作為本集團期權工具（購股權）的對價。僱員為換取獲授予購股權而提供服務的公允價值確認為費用。作為費用的總金額，乃參照已授出的購股權之公允價值釐定：

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

- 包括任何市場條件（例如實體的股價）；
- 不包括任何非市場歸屬條件（例如盈利，銷售增長目標及僱員在某特定時期內留任實體的影響）；及
- 包括任何非歸屬條件（例如規定僱員儲蓄）的影響。

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

非市場表現和服務條件包括在有關預期可予行使購股權數目的假設中。費用的總金額在歸屬期間內確認，歸屬期間指將符合所有特定可行權條件的期間。此外，在某些情況下，僱員可能在授出日期之前提供服務，因此授出日期的公允價值就確認服務開始期與授出日期之間期間內的開支作出估計。在每個報告期末，集團依據非市場表現和服務條件修訂其對預期可行權的購股權數目的估計。主體在收益表確認對原估算修訂（如有）的影響，並對權益作出相應調整。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.22 Share-based payment (Continued)

2.22 以股份支付之酬金 (續)

(a) Share option scheme (Continued)

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

(a) 購股權計劃 (續)

在購股權行使時，本公司發行新股份。當購股權獲行使時，已收取所得款項（扣除任何直接應佔交易成本）均列入股本（面值）及股份溢價中。

(b) Share award scheme

The Group operates an equity-settled plan, under which the entity receives services as consideration for equity instruments (share award) of the Group. For equity-settled share-based payment transactions, the Group measures the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably. If the Group cannot estimate reliably the fair value of the goods or services received, the Group shall measure their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted. The fair value of the services received in exchange for the grant of the options is charged to the income statement when the services are received.

(b) 股份獎勵計劃

本集團設有一項以權益償付的報酬計劃，根據該等計劃，主體收取服務以作為本集團權益工具（獎勵性股份）的對價。就按權益償付之以股份為基礎的支付，集團直接以收取之貨物及服務的公允價值去釐定收取之貨物及服務之費用及相對權益增加之金額。如集團無法可靠地估計貨物及服務之公允價值，集團應參考授出之權益工具之公允價值去釐定貨物及服務的公允價值及相對權益增加之金額。為換取獲授予期權而提供服務的公允價值會於收到服務後確認為費用。

At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

在每個報告期末，集團依據服務條件修訂其對預期可行權的期權數目的估計。主體在利潤表確認對原估算修訂（如有）的影響，並對權益作出相應調整。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要(續)

2.23 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value-added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Sales of goods are recognised when a group entity has delivered products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assumed.

Delivery does not occur until the products have been delivered to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired receivables is recognised using the original effective interest rate.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.23 收入確認

收入按已收或應收對價的公允價值計量，並相當於供應貨品的應收款項，扣除折扣、退貨和增值稅後列賬。當收入的金額能夠可靠計量、未來經濟利益很有可能流入有關實體，及當本集團每項活動均符合具體條件時（如下文所述），本集團便會將收入確認。本集團會根據其往績並考慮客戶類別、交易種類和每項安排的特點作出估計。

(a) 貨品銷售

銷售貨品於本集團實體送交貨品予客戶，客戶接受該產品，銷售額能夠可靠計量以及有關應收款的收回可合理確保時確認入賬。

當產品已付運予至指定地點，過時和損失風險已轉讓予客戶，而客戶已根據銷售合同接收產品、或所有接收條款已作廢，或本集團有客觀證據顯示所有接收條款已經履行後，貨品交付才算產生。

(b) 利息收入

利息收入採用實際利息法按時間比例基準確認入賬。倘應收款項出現減值時，本集團會將賬面值撇減至可收回款額，即估計的未來現金流量按該工具之原有效利率貼現值，並繼續將貼現計算並確認為利息收入。已減值應收款的利息收益利用有效利率確認。

(c) 股息收入

股息收入在收取款項的權利確定時確認。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.24 Research and development costs

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- (a) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (b) the management intends to complete the intangible asset and use or sell it;
- (c) there is an ability to use or sell the intangible asset;
- (d) it can be demonstrated how the intangible asset will generate probable future economic benefits;
- (e) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- (f) the expenditure attributable to the intangible asset during its development can be reliably measured.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Development assets are tested for impairment annually.

2.24 研發成本

研究費用於產生時確認為支出。倘開發中項目(有關設計及測試全新或經改良產品)所產生之費用，符合下列條件的確認為無形資產：

- (a) 產品技術上可行並可完成該無形資產並能出售或使用；
- (b) 管理層有意完成該無形資產並出售或使用；
- (c) 有能力使用或出售該無形資產；
- (d) 可證明該無形資產如何為將來產生經濟效益；
- (e) 足夠的技術、財務及其他資源可完成開發及使用或出售該無形資產；及
- (f) 於開發該無形資產時的成本能可靠計量。

資本化的研發費用計入無形資產並在資產達到可使用狀態時採用直線法在使用壽命內開始攤銷，使用年限不會超過5年。

其他研發費用於產生時如不符合上述條件的均會確認為費用。過往確認為費用之開發成本在其後期間並不確認為資產。

研發資產每年進行減值測試。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. 主要會計政策摘要 (續)

2.25 Operating lease

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

2.25 經營租賃

凡資產擁有權的大部份風險及回報仍歸出租人所有的租賃，均列作經營租賃。根據經營租賃的付款（扣除出租人給予的任何優惠）在租期內以直線法於損益表支銷。

2.26 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grants will be received and the Group will comply with all attached conditions.

2.26 政府補貼

當能夠合理地保證本集團符合所有附帶條件而將收取政府補貼時，政府提供的補貼按公允價值確認入賬。

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

與成本有關之政府補貼遞延入賬，按擬補償成本之相應期間在綜合收益表確認。

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

與購買物業、機器及設備有關之政府補貼列入非流動負債作為遞延收入，按有關資產之預計年期以直線法在綜合收益表確認。

2.27 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the final dividends are approved by the Company's shareholders and interim dividends are approved by the Company's Board of Directors.

2.27 股息分派

向本公司股東分派的期末股息在股息獲本公司股東批准的期間內，中期股息在獲本公司董事會批准的期間內，於本集團及本公司的財務報表內列為負債。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

3. FINANCIAL RISK MANAGEMENT

3. 財務風險管理

3.1 Financial risk factors

3.1 財務風險因素

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk, and fair value interest rate risk), credit risk and liquidity risk. The Group does not have any significant price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

本集團的活動面對多項財務風險：市場風險（包括外匯風險、現金流量之利率風險及公允價值之利率風險）、信貸風險及流動性風險。本集團無重大的價格風險。本集團的整體風險管理計劃專注於財務市場的難預測性，並尋求儘量減低對本集團財務表現的潛在不利影響。

Risk management is carried out under the policies approved by the Board of Directors. The Group identifies and evaluates financial risks in close co-operations with its operating units. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investing of excess liquidity.

風險管理按照董事會批准的政策執行、確定和評估財務風險。集團經營單位緊密合作以確定和評估財務風險。董事會為整體風險管理訂定指引，亦為若干特定範疇提供政策，例如外匯風險、利率風險、信貸風險，以及投資剩餘的流動資金。

(a) Market risk

(a) 市場風險

(i) Foreign exchange risk

The Group mainly operates in Hong Kong and Mainland China and is exposed to foreign exchange risk primarily through financial instruments that are denominated in a currency other than the functional currency in which they are measured. The functional currency of the PRC subsidiaries is RMB, and the functional currency of the HK subsidiaries is HKD. The foreign exchange risk of the Group primarily arises from dividend receivables which are denominated in RMB and borrowings which are denominated in Euro ("EUR"). The exchange rate of HKD against RMB and cash repatriation from the PRC are subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The majority of the subsidiaries of the Group operate in the PRC and most of their transactions are denominated in RMB. The Group did not have other significant exposure to foreign exchange risk.

(i) 外匯風險

本集團主要於香港及中國內地經營，主要外匯風險乃源自計量除功能貨幣以外的一種貨幣的金融工具。於中國境內之附屬公司的功能貨幣為人民幣，而於香港的附屬公司之功能貨幣則為港幣。本集團的外匯風險主要來自以人民幣為單位的應收股利以及以歐元為單位的貸款。人民幣兌港幣之匯率以及從中國內地匯出之款項須遵守中國政府頒佈之外匯管制條例及規例。本集團之主要附屬公司乃於國內經營及其大部份的交易以人民幣計算，故本集團並無重大外匯風險。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3. 財務風險管理(續)

3.1 Financial risk factors (Continued)

3.1 財務風險因素(續)

(a) Market risk (Continued)

(a) 市場風險(續)

(i) Foreign exchange risk (Continued)

(i) 外匯風險(續)

If HKD had strengthened/weakened by 5% against RMB during the year ended 31 March 2016, with all other factors remaining unchanged, the profit after income tax for the year and equity as at year end date would have been affected as follows:

截至二零一六年三月三十一日止年度內，假若港幣兌人民幣升值／貶值5%，而所有其他因素維持不變，則對本年度除稅後盈利及權益的影響如下：

Group	本集團	Change of profit after income tax for the year increase/(decrease) 本年除稅後盈利的影響增加／(減少)		Change of equity as at 31 March increase/(decrease) 截至三月三十一日權益之變動增加／(減少)	
		2016 二零一六年	2015 二零一五年	2016 二零一六年	2015 二零一五年
- Strengthened by 5%	- 升值5%	(22,095)	(14,348)	(443,413)	(465,242)
- Weakened by 5%	- 貶值5%	22,095	14,348	443,413	465,242

If HKD had strengthened/weakened by 5% against EUR during the year ended 31 March 2016, with all other factors remaining unchanged, the profit after income tax for the year would have been affected as follows:

於二零一六年三月三十一日止年度內，假若港幣兌歐元升值／貶值5%，而所有其他因素維持不變，則對本年度除稅後盈利的影響如下：

Group	本集團	Change of profit after income tax for the year increase/(decrease) 增加／(減少)	
		2016 二零一六年	2015 二零一五年
- Strengthened by 5%	- 升值5%	-	7,256
- Weakened by 5%	- 貶值5%	-	(7,256)

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3. 財務風險管理 (續)

3.1 Financial risk factors (Continued)

3.1 財務風險因素 (續)

(a) Market risk (Continued)

(a) 市場風險 (續)

(ii) Cash flow and fair value interest rate risk

Other than deposits held in banks, the Group does not have significant interest-bearing assets. Fluctuation of market rates does not have a significant impact to the Group's performance.

The Group's exposure to changes in interest rates is mainly attributable to its borrowings which are at floating rates, and expose the Group to cash flow interest-rate risk.

At 31 March 2016 and 2015, if interest rates on borrowings had been 1 percentage points higher/lower, with all other variables held constant, there would have been no material impact to the profit after income tax for the year.

(iii) Price risk

The Group is exposed to price risk because of investments held by the Group, which are classified as financial assets at fair value through profit or loss. The Group is not exposed to commodity price risk.

The sensitivity analysis is determined based on the exposure to price risk of the financial assets at fair value through profit or loss at the end of each reporting period. If the fair values of the financial assets at fair value through profit or loss held by the Group had been 5% higher/lower, profit after tax for the year would have been approximately HKD9,739,000 and HKD5,293,000 higher/lower, for the years ended 31 March 2016 and 2015, respectively.

(ii) 現金流量及公允值之利率風險

除存放於銀行的存款以外，本集團並無重大計息資產。市場利率的變動對本集團的表現無重大影響。

集團面臨的利率變動風險主要來自按浮動利率發行的貸款，令本集團承受現金流量利率風險。

於二零一六年及二零一五年三月三十一日，在其他因素不變的情況下，若貸款利率上升／下降一個百分點，對本年盈利並無重大影響。

(iii) 價格風險

由於本集團持有的投資在合併資產負債表中分類為以公允價值計量且其變動計入損益，故此本集團承受權益證券的價格風險。本集團不承受商品價格風險。

有關分析是假設若以公允價值計量且其變動計入損益之財務資產上升／下跌5%，除稅後利潤於截至二零一六年和二零一五年三月三十一日止年度會分別增加／減少約港幣9,739,000元及港幣5,293,000元。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3. 財務風險管理 (續)

3.1 Financial risk factors (Continued)

3.1 財務風險因素 (續)

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, credit exposure to customers and related parties arising from outstanding receivables.

(b) 信貸風險

信貸風險是按照組合方式管理。信貸風險主要來自存放於銀行及其他財務機構的存款及現金及現金等價物、信貸予客戶及關聯人士之未償付的應收款項。

As at the reporting dates, all the Group's cash and cash equivalents, restricted bank deposits and short-term time deposits are placed in high quality financial institutions without significant exposure to credit risk.

於結算日，本集團所有的現金及現金等價物，受限制現金及短期定期存款均存放於優質及無重大信貸風險的財務機構。

The Group currently sells substantially all its products namely flavours, reconstituted tobacco leaves, aroma raw materials, fragrances and new materials in the PRC domestic market. Credit is granted for a period up to 6 months to the major customers. The credit period is determined according to an assessment made on the financial conditions and past payment history of these customers with the approval obtained from senior management. As at 31 March 2016, the 5 largest debtors accounted for approximately 40% (2015: 39%) of total trade receivables balance of the Group.

本集團現時主要於中國本地市場銷售其食用香精、煙草薄片、香原料、日用香精及新型煙草製品。授予主要客戶的信貸期為6個月。信貸期的確定乃根據該客戶的財務條件及過往付款紀錄評估得出並獲得高級管理層的核准。於二零一六年三月三十一日，五大客戶佔本集團總貿易應收款項結餘約40% (二零一五年：39%)。

The Directors are of the view that most customers with outstanding balances as at 31 March 2016 are either existing customers with a long business relationship with the Group and/or reputable companies in the industry. The risk of credit default is considered to be low and accordingly, the provision for doubtful debts as at 31 March 2016 amounting to approximately HKD13,763,000 (2015: HKD7,044,000) is considered adequate to cover any significant potential credit risk.

董事認為於二零一六年三月三十一日大多數的存在未償還結餘的客戶多數為與本集團具有長期業務關係的現有客戶及／或於其行業具有良好信譽的客戶，故信貸風險相對較低，於二零一六年三月三十一日約港幣13,763,000元 (二零一五年：港幣7,044,000元) 的減值撥備足夠覆蓋任何重大潛在的信貸風險。

As at 31 March 2016, the Company had certain balances due from subsidiaries. The Directors do not consider that there is significant credit risk arising from these balances in light of the past repayment history and operations of these subsidiaries.

於二零一六年三月三十一日，就本公司應收附屬公司款項，在考慮其以往還款情況及業務狀況後，管理層亦不預期其存在重大信貸風險。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3. 財務風險管理 (續)

3.1 Financial risk factors (Continued)

3.1 財務風險因素 (續)

(c) Liquidity risk

(c) 流動性風險

Cash flow forecast is performed in the operating entities of the Group. The Directors monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs and that the Group does not breach borrowing covenants on its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and if applicable, external regulatory or legal requirements – for example, currency restrictions.

現金流量預測是在集團的經營主體執行。董事監控集團的流動資金需求的滾動預測，確保有足夠資金應付經營需要，但同時確保集團不違反其貸款條款。此等預測考慮了集團債務融資計劃、條款遵從、符合內部財務狀況表比率目標，及外部的監管或法例規定 – 例如貨幣限制（如適用）。

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are based on the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

下表顯示本集團及本公司的金融負債按照相關的到期組別，根據由資產負債表日至合同到期日的剩餘期間進行分析。在表內披露的金額為未經貼現的合同現金流量。金額在一年內到期乃相等於其賬面值是由於貼現的影響不重大。

		Less than 1 year 一年以下	Between 1 and 2 years 一年至兩年	Between 2 and 3 years 兩年至三年	Between 3 and 4 years 三年至四年
Group	集團				
At 31 March 2016	於二零一六年 三月三十一日				
Borrowings (including interest)	貸款 (包括應計利息)	18,276	-	-	-
Trade and other payables excluding statutory liabilities and advances from customers	貿易及其他應付款項 (不包括法定債項及預付款)	664,270	17,326	13,678	3,192
At 31 March 2015	於二零一五年 三月三十一日				
Borrowings (including interest)	貸款 (包括應計利息)	761,469	-	-	-
Trade and other payables excluding statutory liabilities and advances from customers	貿易及其他應付款項 (不包括法定債項及預付款)	449,584	-	-	-

As at 31 March 2016, the Group's net current assets is HKD5,259,154,000 (2015: HKD4,454,334,000).

於二零一六年三月三十一日，本集團之流動資產淨值為港幣5,259,154,000元（二零一五年：港幣4,454,334,000元）。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The operating cash inflows of the Group are sufficient for investing activities including acquisition of new businesses.

The Group monitors its capital risk based on the debt-to-equity ratio. This ratio is calculated by dividing the net debt by the total owners' equity. The Group's net debt is calculated as total borrowings (including current and non-current borrowings) less cash and cash equivalents. Therefore, the Group's debt-to-equity ratio is zero as at 31 March 2016 and 2015.

3.3 Fair value estimation

The following categorises financial instruments carried at fair value based on the level of inputs to valuation techniques within a fair value hierarchy. The different levels have been defined as follows:

- Quoted price (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2);
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

(除另有指明者外，所有金額均以港幣千元列示)

3. 財務風險管理 (續)

3.2 資本風險管理

本集團的資本管理政策目的是保障其能繼續營運，以為股東提供回報和為其他權益持有人提供利益，同時維持最佳的資本結構以減低資金成本。

為了維持或調整資本結構，本集團可能會調整支付予股東的股息數額、向股東分派的資本返還、發行新股或出售資產以減低債務。

本集團經營活動產生的現金流可足夠用於投資活動包括收購新業務。

本集團以資本負債比率監察其資本風險。此比率乃按照債務淨額除以總資本計算。本集團的債務淨額為總貸款（包括流動及非流動貸款）減去現金及現金等價物。因此，本集團於二零一六年及二零一五年三月三十一日的資本負債比率為零。

3.3 公允價值估計

以下對以公允價值計量的金融工具進行分類，乃根據在公允價值層級中輸入估值技巧的級別釐定。不同層級的定義如下：

- 相同資產或負債在活躍市場的報價（未經調整）（第一層）；
- 除了第1層所包括的報價外，該資產和負債的可觀察的其他輸入，可直接（即例如價格）或間接（即源自價格）（第二層）；
- 資產和負債並非依據可觀察市場數據的輸入（即不可觀察輸入）（第三層）。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3. 財務風險管理 (續)

3.3 Fair value estimation (Continued)

The financial assets of level 1 within the fair value hierarchy as at 31 March 2016 was the financial assets at fair value through profit or loss. The fair value of this financial instrument traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price.

The financial assets of level 3 within the fair value hierarchy as at 31 March 2016 and 2015 were the available-for-sale financial assets, of which the changes for the years ended 31 March 2016 and 2015 are presented in Note 11. In addition, the remeasurements mentioned in Note 9(c) during the financial year were of level 3. There were no transfers into or out of level 3.

Other than available-for-sale financial assets and financial assets at fair value through profit or loss, there are no financial instruments that were measured at fair value as at 31 March 2016 and 2015.

Market approach is adopted in valuation of available-for-sale financial assets. There were no changes in valuation techniques during the year.

3.4 Group's valuation processes

The Group's finance department includes a team that performs the valuations of financial assets required for financial reporting purposes with the assistance of an independent valuer when necessary, including level 3 fair values. This team reports directly to the chief financial officer ("CFO"). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every six months, in line with the Group's reporting dates.

3.5 Fair value of financial assets and liabilities measured at amortised cost

The fair values of financial assets and liabilities measured at amortised cost approximate their carrying amounts.

3.3 公允價值估計 (續)

於二零一六年三月三十一日，第一類公允價值架構內包括了分類為以公允價值計量且其變動計入損益的金融資產之上市股本證券。在活躍市場買賣的金融工具的公允價值根據資產負債表日的市場報價列賬。當報價可即時和定期從證券交易所、交易商、經紀、業內人士、定價服務者或監管代理獲得，而該等報價代表按公平交易基準進行的實際和常規市場交易時，該市場被視為活躍。本集團持有的金融資產的市場報價為當時買方報價。

於二零一六年三月三十一日，第三類公允價值架構內之金融資產包括可供出售金融資產。其中在二零一六年及二零一五年三月三十一日止年度的變動於附註11內呈列。此外，於附註9(c)提及之重新計量屬第三類公允價值架構。概無任何金融資產於第三層架構類別轉入或轉出。

於二零一六年及二零一五年三月三十一日，並無其他金融工具乃按公允價值計量。

可供出售金融資產的估值乃採用市場法。本年度之估值方法並無改變。

3.4 本集團的估值過程

本集團之財務部設有一個小組，負責就財務報告事宜執行，並在需要時由一個獨立評估機構的協助下對金融資產的估值，包括有關第3層公允價值。此小組直接向財務總監（「財務總監」）匯報。財務總監及評估小組乃按本集團之報告日期即每6個月舉行一次討論估值流程與其結果。

3.5 按攤銷成本計量的金融資產及負債之公允價值

按攤銷成本計量的金融資產和負債的公允價值乃與其賬面值相若。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4. 關鍵會計估計及判斷

估算和判斷會被持續評估，並基於過往經驗及其他因素，包括在有關情況下相信對未來事件的合理預測。

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 關鍵會計估計及假設

本集團為未來作出估算及假設。所得之會計估計如其定義，很少與相關的實際結果相符。涉及導致資產及負債之賬面值可能於下一個財政年度內須作出重大調整之估計及假設如下：

(a) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.9. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 8).

(a) 商譽減值之估計

根據附註2.9所述的會計政策，本集團每年測試商譽是否出現減值。現金產生單位的可收回金額按照使用價值計算而釐定。此等計算均需利用估算（附註8）。

If the budgeted gross margin, estimated pre-tax discount rate or forecast and terminal growth rate used in the value-in-use calculation for the CGUs of flavours segment had been 16.6 percentage points lower, 4.7 percentage points higher or 3% lower than management's estimates at 31 March 2016 respectively, with all other assumptions remaining unchanged, the Group would not have recognised an impairment of goodwill.

如果食用香精業務的現金產生單位的使用價值計算中所使用的預計毛利率、估計稅前貼現率及預測期和永續增長率較管理層在二零一六年三月三十一日估計的分別下降16.6個百分點、增加4.7個百分點，或下降3個百分點，其他假設保持不變，本集團無需對商譽確認減值。

If the budgeted gross margin, estimated pre-tax discount rate or forecast and terminal growth rate used in the value-in-use calculation for the CGUs of reconstituted tobacco leaves segment had been 2.6 percentage points lower, 0.9 percentage points higher or 1 percentage points lower than management's estimates at 31 March 2016 respectively, with all other assumptions remaining unchanged, the Group would have recognised an impairment of goodwill amounting to approximately HKD522,000, HKD826,000 or HKD1,062,000, respectively.

如果煙草薄片業務的現金產生單位的使用價值計算中所使用的預計毛利率、估計稅前貼現率、預測期增長率及永續年增長率較管理層在二零一六年三月三十一日估計的分別下降2.6個百分點或增加0.9個或下降1個百分點，其他假設保持不變，本集團將需對商譽確認減值之金額分別約港幣522,000元，約港幣826,000元或約港幣1,062,000元。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4. 關鍵會計估計及判斷 (續)

4.1 Critical accounting estimates and assumptions (Continued)

4.1 關鍵會計估計及假設 (續)

(a) Impairment of goodwill (Continued)

(a) 商譽減值之估計 (續)

If the budgeted gross margin, estimated pre-tax discount rate or forecast growth rate used in the value-in-use calculation for the CGUs of Yancheng Chunzhu under aroma raw materials segment had been 2.8 percentage points lower, 3.3 percentage points higher or 6.9 percentage points lower than management's estimates at 31 March 2016 respectively, with all other assumptions remaining unchanged, the Group would have recognised an impairment of goodwill amounting to approximately HKD340,000, HKD364,000 or HKD126,000, respectively.

如果香原料業務的現金產生單位鹽城春竹的使用價值計算中所使用的預計毛利率，估計稅前貼現率或預測期增長率較管理層在二零一六年三月三十一日估計的分別下降2.8個百分點或增加3.3個百分點或下降6.9個百分點，其他假設保持不變，本集團將需確認商譽減值之金額分別為約港幣340,000元，約港幣364,000元或約港幣126,000元。

If the budgeted gross margin, estimated pre-tax discount rate or forecast and terminal growth rate used in the value-in-use calculation for the CGUs of fragrances segment had been 1 percentage point lower, 1 percentage point higher or 1 percentage point lower than management's estimates at 31 March 2016 respectively, with all other assumptions remaining unchanged, the Group would have recognised an impairment of goodwill amounted to approximately HKD3,854,000, HKD13,190,000 or HKD9,798,000, respectively.

如果日用香精業務的現金產生單位的使用價值計算中所使用的預計毛利率，估計稅前貼現率或預測期增長率及永續年增長率較管理層在二零一六年三月三十一日估計的分別下降1個百分點或增加1個百分點或下降1個百分點，其他假設保持不變，本集團將需確認商譽減值之金額分別為約港幣3,854,000元，約港幣13,190,000元或約港幣9,798,000元。

If the budgeted gross margin or estimated pre-tax discount rate used in the value-in-use calculation for the CGUs of VMR under flavour segment had been 1.8 percentage points lower or 2.7 percentage points higher than management's estimates at 31 March 2016 respectively, with all other assumptions remaining unchanged, the Group would have recognised an impairment of goodwill amounting to approximately HKD386,000 or HKD6,000. If no terminal growth was expected, with all other assumptions remaining unchanged, the Group would not have recognised an impairment of goodwill.

如果VMR的現金產生單位的使用價值計算中所使用的預計毛利率及估計稅前貼現率較管理層在二零一六年三月三十一日估計的分別下降1.8個百分點或增加2.7個百分點，其他假設保持不變，本集團將需確認商譽減值之金額分別為約港幣386,000元或約港幣6,000元。假設預期永續增長率為零，而其他假設保持不變，本集團亦無需對商譽減值。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4. 關鍵會計估計及判斷(續)

4.1 Critical accounting estimates and assumptions (Continued)

4.1 關鍵會計估計及假設(續)

(b) PRC Enterprise Income Tax and Deferred Taxation

The Group's subsidiary that operates in the PRC is subject to enterprise income tax in the PRC. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognized when management considers it's probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. The outcome of their actual utilization may be different.

(c) Dividends policy of subsidiaries

According to the relevant regulations of the Corporate Income Tax Laws, when a foreign investment enterprise distributes dividends out of the profits earned from 1 January 2008 onwards to its overseas investors, it will be subject to withholding income tax. The applicable withholding income tax rate varies with the origin of the overseas investors.

The Directors estimated that a portion of profits generated by the PRC subsidiaries would be distributed to their Hong Kong immediate parent companies and the approval on the treaty rate will be obtained. Therefore, deferred income tax liabilities had been provided based on 5% or 10% of the estimated profits to be remitted to Hong Kong.

(b) 中國企業所得稅及遞延稅項

本集團於中國經營的附屬公司須繳納中國企業所得稅。於釐定所得稅撥備時需要作出重要的判斷。在日常業務過程中，許多交易及計算均無法最終釐定。當該等事宜的最終稅款與最初記賬金額不同時，有關差額將影響作出有關釐定期間的所得稅和遞延稅項撥備。

當管理層認為日後可能有應課稅溢利可供動用以抵銷暫時差額或稅項虧損時，有關若干暫時差額及稅項虧損的遞延稅項資產會予以確認。其實際利用結果可能不同。

(c) 附屬公司之股息政策

根據企業所得稅法的有關規定，當外商投資企業向境外投資者分派自二零零八年一月一日起產生的盈利作為股息，需要徵收所得稅，並根據外商投資者所處之不同地區適用不同的所得稅率。

本公司董事預計會將某些中國大陸附屬公司之盈利派發股息予其於香港的直接母公司並會獲得批准享有稅務協定。因此，遞延所得稅負債乃按預計匯出香港之盈利以5%或10%的稅率計算。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4. 關鍵會計估計及判斷 (續)

4.1 Critical accounting estimates and assumptions (Continued)

4.1 關鍵會計估計及假設 (續)

(c) *Dividends policy of subsidiaries (Continued)*

As at 31 March 2016, deferred income tax liabilities of HKD343,470,000 (31 March 2015: HKD358,457,000) had not been recognised for the withholding tax that would be payable on the unremitted profits of certain PRC subsidiaries. The Directors have decided not to distribute these earnings.

The Directors will regularly review the funding requirements of the Group and thus revise the dividend distribution policy of its subsidiaries as appropriate.

(d) *Business combination*

Accounting for acquisitions requires the Group to allocate the cost of acquisition to specific assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. In connection with the acquisition of the subsidiaries (Note 30), the Group has undertaken a process to identify all assets and liabilities acquired. Judgements made in identifying all acquired assets and liabilities, determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset's useful lives, could materially impact the calculation of goodwill and depreciation and amortisation charges in subsequent periods. Estimated fair values are based on information available at the acquisition date and on expectations and assumptions that have been deemed reasonable by management. Determining the estimated useful lives of tangible and intangible assets acquired also requires judgement.

(c) *附屬公司之股息政策 (續)*

於二零一六年三月三十一日，本集團並未就若干中國大陸附屬公司之未分派盈利可能產生的預提所得稅確認遞延所得稅負債為港幣343,470,000元（二零一五年：港幣358,457,000元）。本公司董事決定暫不分配此部份盈利。

董事將不時檢討本集團之資金需求並適時調整附屬公司之股息分派政策。

(d) *業務合併*

收購會計處理要求本集團基於所收購之特定資產及所承擔負債於收購日期之估計公平值在彼等之間分配收購成本。就收購一間聯營企業之餘下權益（附註30）而言，本集團已實行一項程序以識別所收購的所有資產及負債。在識別所有收購的資產、釐定所收購資產及所承擔負債各個類別獲指派的估計公平值以及資產的可使用年期時作出的判斷，可能會對計算商譽以及往後期間的折舊及攤銷支出造成重大影響。估計公平值乃基於收購日期可用的資料以及管理層認為合理的預期及假設釐定。釐定所收購之有形及無形資產之估計可使用年期亦須作出判斷。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

5. TURNOVER AND SEGMENT INFORMATION

The Group has organized its operations into five main operating segments:

- (1) Flavours;
- (2) Reconstituted tobacco leaves;
- (3) Aroma raw materials;
- (4) Fragrances; and
- (5) New materials.

The chief operating decision-makers have been identified as the Company's executive directors (the 'Executive Directors'). The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. Due to the change in the structure of the internal organisation, the newly acquired subsidiary, Yancheng Chunzhu together with existing entities with similar products which were included in the flavour segment previously are now presented as a new operating segment, aroma raw materials segment. Accordingly, the comparative figures of last year has been reclassified. In addition, the newly acquired subsidiary VMR was included in the flavours segment currently as it is so treated in the Group's internal reporting

(除另有指明者外，所有金額均以港幣千元列示)

5. 營業額及分部資料

本集團的經營分為五項主要營運分部：

- (1) 食用香精；
- (2) 煙草薄片；
- (3) 香原料；
- (4) 日用香精；及
- (5) 新材料。

主要經營決策者明確為執行董事（「執行董事」），執行董事審閱本集團的內部報告以評估表現及分配資源。管理層按照此報告以決定營運分部。因應內部組織架構變更，新收購的鹽城春竹連同現有具有類似產品而在以往分類在食用香精分部之公司，現披露為一個新的營運分部－香原料分部。因此，去年的比較數字已重分類。此外，新收購之附屬公司VMR現時被分類在食用香精分部，此處理與集團內部報告一致。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

5. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

5. 營業額及分部資料 (續)

The Executive Directors consider the business from the operation's perspective and assess the performance of flavours, reconstituted tobacco leaves, aroma raw materials, fragrances and new materials segments:

執行董事從經營活動角度考慮業務及評估食用香精、煙草薄片、香原料、日用香精及新材料之分部業務表現。

- (1) Flavours segment includes research and development, production and sale of flavours products.
- (2) Reconstituted tobacco leaves segment includes research and development, production and sale of paper-making reconstituted tobacco leaves.
- (3) Aroma raw materials segment includes research and development, manufacture and sale of aroma raw materials products that are extracted from natural material or generated from chemical process.
- (4) Fragrances segment includes research and development, production and sale of fragrances products.
- (5) The new materials segment includes research and development, manufacture and sale of new materials products that are innovative, functional, and applicable to tobacco industry.

- (1) 食用香精業務包括研發、生產及銷售食用香精產品。
- (2) 煙草薄片業務包括研發、生產及銷售造紙法煙草薄片產品。
- (3) 香原料業務包括研發、生產及銷售香原料產品，香原料乃通過化學反應合成或天然提取的「帶香物質」。
- (4) 日用香精業務包括研發、生產及銷售日用香精產品。
- (5) 新材料業務包括研發、生產及銷售創新、具功能性等適用於煙草行業的新材料產品。

The Executive Directors assess the performance of the operating segments based on a measure of operating profit.

執行董事從經營活動角度考慮業務，並根據營運盈利的計量評估營運分部的表現。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

5. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

5. 營業額及分部資料 (續)

The segment information for the year ended 31 March 2016 is presented below:

截至二零一六年三月三十一日止年度之分部資料呈列如下：

		Year ended 31 March 2016 截至二零一六年三月三十一日止年度							
		Reconstituted tobacco	Aroma raw		New	Total	Corporate	Total	
		Flavours	leaves	materials	Fragrances	materials	segments	Corporate	Total
		食用香精	煙草薄片	香原料	日用香精	新材料	分部總計	總部	總計
Total turnover	總營業額	2,809,731	699,794	351,583	82,033	74,750	4,017,891	-	4,017,891
Inter-segment sales	分部間銷售	(84,110)	(1,544)	(4,018)	(2)	-	(89,674)	-	(89,674)
Segment turnover – net	分部營業額 – 淨額	2,725,621	698,250	347,565	82,031	74,750	3,928,217	-	3,928,217
Segment result	分部業績	1,463,848	229,729	57,327	7,237	13,580	1,771,721	(23,618)	1,748,103
Finance income	財務收入								85,973
Finance costs	融資成本								(12,558)
Finance income – net	財務收入 – 淨額								73,415
Share of profit of associates and a jointly controlled entity	應佔聯營公司及共同控制實體之盈利								11,397
Profit before income tax	除稅前盈利								1,832,915
Income tax expense	所得稅								(365,380)
Profit for the year	本年度盈利								1,467,535
Depreciation	折舊	47,496	86,890	9,853	1,669	13,937	159,845	7	159,852
Amortisation	攤銷	45,222	7,588	7,338	826	2	60,976	-	60,976

		As at 31 March 2016 於二零一六年三月三十一日							
		Reconstituted tobacco	Aroma raw		New	Total	Corporate	Total	
		Flavours	leaves	materials	Fragrances	materials	segments	Corporate	Total
		食用香精	煙草薄片	香原料	日用香精	新材料	分部總計	總部	總計
Segment assets	分部資產	6,861,856	3,315,418	807,058	153,430	222,692	11,360,454	225,768	11,586,222

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

5. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

5. 營業額及分部資料 (續)

The segment information for the year ended 31 March 2015 is presented below:

截至二零一五年三月三十一日止年度之分部資料呈列如下：

		Year ended 31 March 2015 截至二零一五年三月三十一日止年度								
		Reconstituted Flavours 食用香精	tobacco leaves 煙草薄片	Aroma raw materials 香原料	Fragrances 日用香精	New materials 新材料	Total segments 分部總計	Corporate 總部	Total 總計	
Total turnover	總營業額	2,954,577	974,301	275,219	85,075	86,769	4,375,941	-	4,375,941	
Inter-segment sales	分部間銷售	(16,273)	(28,727)	(4,424)	(31)	-	(49,455)	-	(49,455)	
Segment turnover – net	分部營業額 – 淨額	2,938,304	945,574	270,795	85,044	86,769	4,326,486	-	4,326,486	
Segment result	分部業績	1,852,235	417,891	45,930	10,654	15,311	2,342,021	(21,876)	2,320,145	
Finance income	財務收入								83,095	
Finance costs	融資成本								(13,988)	
Finance income – net	財務收入 – 淨額								69,107	
Share of loss of associates and a jointly controlled entity	應佔聯營公司及共同控制實體之虧損								(3,005)	
Profit before income tax	除稅前盈利								2,386,247	
Income tax expense	所得稅								(391,054)	
Profit for the year	本年度盈利								1,995,193	
Depreciation	折舊	44,322	83,619	8,110	1,682	13,403	151,136	8	151,144	
Amortisation	攤銷	30,739	12,063	1,546	842	-	45,190	-	45,190	
		As at 31 March 2015 於二零一五年三月三十一日								
		Reconstituted Flavours 食用香精	tobacco leaves 煙草薄片	Aroma raw materials 香原料	Fragrances 日用香精	New materials 新材料	Total segments 分部總計	Corporate 總部	Total 總計	
Segment assets	分部資產	6,705,890	3,353,107	499,051	164,299	161,573	10,883,920	16,947	10,900,867	

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

5. TURNOVER AND SEGMENT INFORMATION (CONTINUED)

Segment result represents the profit earned by each segment without inclusion of unallocated corporate expenses, finance costs, finance income and share of results of associates and a jointly controlled entity. This is the measure reported to chief operating decision makers for the purpose of resource allocation and assessment of segment performance.

The total of non-current assets, other than financial instruments and deferred tax assets, of the Group as at 31 March 2016 and 2015 are mainly located in the PRC.

Revenues from external customers are derived from the sales of flavours, reconstituted tobacco leaves, aroma raw materials, fragrances, and new materials to customers mainly located in the PRC.

Revenue derived from sales made to the single largest external customer amounted to 18% (2015: 19%) of the Group's total revenue. These revenues are attributable to flavours segment.

(除另有指明者外，所有金額均以港幣千元列示)

5. 營業額及分部資料 (續)

分部業績是代表各分部之盈利，當中並沒有包括未分類支出、融資成本、財務收入及應佔聯營公司及共同控制實體之業績。此分部業績主要是為分配資源和評估各分部之表現而向主要經營決策者呈列的方式。

除金融工具和遞延所得稅資產以外，於二零一六年及二零一五年三月三十一日本集團的非流動資產總額主要位於國內。

來自外部客戶的收入主要來自銷售食用香精、煙草薄片、香原料、日用香精及新材料予國內客戶。

來源於最大外部客戶的收入佔集團總收入18% (二零一五年：19%)。這些收入是由食用香精分部產生的。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

6. PROPERTY, PLANT AND EQUIPMENT**6. 物業、機器及設備**

	Note	Buildings	Plant and machinery	Motor vehicles	Furniture, fixtures and equipment 傢俬、裝置及設備	Leasehold improvements	Construction in progress	Others	Total	
	附註	樓宇	機器及設備	汽車		租賃裝修	在建工程	其他	總計	
At 1 April 2014	於二零一四年四月一日									
Cost	成本	766,269	825,529	87,170	186,960	25,006	117,953	-	2,008,887	
Accumulated depreciation	累計折舊	(184,256)	(244,649)	(49,045)	(92,480)	(12,960)	-	-	(583,390)	
Net book amount	賬面淨值	582,013	580,880	38,125	94,480	12,046	117,953	-	1,425,497	
Year ended 31 March 2015	截至二零一五年三月三十一日止年度									
Net book amount at 1 April	於四月一日賬面淨值	582,013	580,880	38,125	94,480	12,046	117,953	-	1,425,497	
Additions	添置	2,968	16,451	4,036	11,674	3,520	95,670	-	134,319	
Transfers	轉移	24,165	41,004	10	7,609	-	(72,788)	-	-	
Disposal of a subsidiary	出售附屬公司	(654)	-	-	-	-	(2,548)	-	(3,202)	
Disposals	出售	32	(1,213)	(15)	(143)	(100)	-	-	(1,471)	
Depreciation	折舊	24	(82,040)	(9,614)	(19,356)	(2,421)	-	-	(151,144)	
Currency translation differences	貨幣換算差額	415	(1,240)	(10)	(270)	(32)	2,633	-	1,496	
Net book amount at 31 March	於三月三十一日賬面淨值	571,194	553,842	32,532	93,994	13,013	140,920	-	1,405,495	
At 31 March 2015	於二零一五年三月三十一日									
Cost	成本	793,107	878,032	90,702	204,467	27,489	140,920	-	2,134,717	
Accumulated depreciation	累計折舊	(221,913)	(324,190)	(58,170)	(110,473)	(14,476)	-	-	(729,222)	
Net book amount	賬面淨值	571,194	553,842	32,532	93,994	13,013	140,920	-	1,405,495	
Year ended 31 March 2016	截至二零一六年三月三十一日止年度									
Net book amount at 1 April	於四月一日賬面淨值	571,194	553,842	32,532	93,994	13,013	140,920	-	1,405,495	
Additions	添置	5,852	7,292	4,238	12,310	10,261	56,130	3,544	99,627	
Transfers	轉移	53,125	61,481	15	3,155	34,861	(152,637)	-	-	
Acquisition of equity interest in Yancheng Chunzhu	收購鹽城春竹之股權	30(a)	11,449	17,718	564	1,698	-	3,716	35,145	
Acquisition of equity interest in VMR	收購VMR之股權	30(b)	-	-	107	3,128	4,689	-	7,924	
Disposals	出售	32	-	(1,914)	(235)	(340)	10	(437)	(2,916)	
Provisions for impairment	減值撥備	24	-	(15,058)	-	-	-	-	(15,058)	
Depreciation	折舊	24	(39,650)	(83,335)	(9,737)	(19,962)	(7,017)	(151)	(159,852)	
Currency translation differences	貨幣換算差額		(27,075)	(24,995)	(1,400)	(4,220)	(496)	(4,363)	(62,546)	
Net book amount at 31 March	於三月三十一日賬面淨值		574,895	515,031	26,084	89,763	55,321	43,329	3,396	1,307,819
At 31 March 2016	於二零一六年三月三十一日									
Cost	成本		829,232	914,211	91,213	218,935	80,884	43,329	3,544	2,181,348
Accumulated depreciation	累計折舊		(254,337)	(399,180)	(65,129)	(129,172)	(25,563)	-	(148)	(873,529)
Net book amount	賬面淨值		574,895	515,031	26,084	89,763	55,321	43,329	3,396	1,307,819

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED) 6. 物業、機器及設備(續)

Depreciation was recorded in the following categories:

折舊按以下分類支銷：

		Year ended 31 March 截至三月三十一日止年度	
		2016 二零一六年	2015 二零一五年
		Note 附註	
Manufacturing overheads	製造費用		69,896
Selling and marketing expenses	銷售及推廣開支		2,510
Administrative expenses	行政費用		78,738
Total depreciation	折舊總額	24	151,144

7. LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments and their net book amounts are analysed as follows:

7. 土地使用權

本集團於土地使用權的權益為預付經營租金，其賬面淨值分析如下：

		As at 31 March 於三月三十一日	
		2016 二零一六年	2015 二零一五年
Outside Hong Kong, held on: Leases between 10 and 50 years	在香港境外按以下年期持有： 10至50年的租約		194,060
		185,688	

		Year ended 31 March 截至三月三十一日止年度	
		2016 二零一六年	2015 二零一五年
		Note 附註	
At 1 April	於四月一日		200,247
Additions	添置		-
Acquisition of equity interest in Yancheng Chunzhu	收購鹽城春竹之股權	30(a)	-
Amortisation	攤銷	24	(6,323)
Currency translation differences	貨幣換算差額		136
At 31 March	於三月三十一日		194,060

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

8. INTANGIBLE ASSETS**8. 無形資產**

	Note	Goodwill	Trademarks and licenses	Customer relationships	Non-competition agreement	Computer software	Patents	Product design	Domain name	Total
	附註	(a)	(b)	客戶關係	非競爭協議	電腦軟件	專利	產品設計	網上平台	總計
At 1 April 2014	於二零一四年四月一日									
Cost	成本	2,732,367	136,209	276,098	4,893	3,204	23,258	-	-	3,176,029
Accumulated amortisation	累計攤銷	-	(34,209)	(184,758)	(3,238)	(2,141)	(20,253)	-	-	(244,599)
Net book amount	賬面淨值	2,732,367	102,000	91,340	1,655	1,063	3,005	-	-	2,931,430
Year ended 31 March 2015	截至二零一五年三月三十一日止年度									
Net book amount at 1 April	於四月一日賬面淨值	2,732,367	102,000	91,340	1,655	1,063	3,005	-	-	2,931,430
Additions	添置	-	-	-	-	703	16	-	-	719
Amortisation	攤銷	24	(7,920)	(29,551)	(537)	(753)	(106)	-	-	(38,867)
Currency translation differences	貨幣換算差額	3,101	114	866	1	-	3	-	-	4,085
Net book amount at 31 March	於三月三十一日賬面淨值	2,735,468	94,194	62,655	1,119	1,013	2,918	-	-	2,897,367
At 31 March 2015	於二零一五年三月三十一日									
Cost	成本	2,735,468	136,374	277,202	4,899	3,886	23,301	-	-	3,181,130
Accumulated amortisation	累計攤銷	-	(42,180)	(214,547)	(3,780)	(2,873)	(20,383)	-	-	(283,763)
Net book amount	賬面淨值	2,735,468	94,194	62,655	1,119	1,013	2,918	-	-	2,897,367
Year ended 31 March 2016	截至二零一六年三月三十一日止年度									
Net book amount at 1 April	於四月一日賬面淨值	2,735,468	94,194	62,655	1,119	1,013	2,918	-	-	2,897,367
Additions	添置	-	-	-	-	1,121	6,100	-	-	7,221
Acquisition of equity interest in Yancheng Chunzhu	收購鹽城春竹之股權	30(a) 79,651	83,554	32,228	-	-	29,244	-	-	224,677
Acquisition of equity interest in VMR	收購VMR之股權	30(b) 54,148	120,140	-	-	2,365	-	85,261	50,381	312,295
Amortisation	攤銷	24	(11,409)	(29,859)	(270)	(1,362)	(2,463)	(5,845)	(3,421)	(54,629)
Currency translation differences	貨幣換算差額	(125,791)	(420)	(25)	(49)	(18)	72	593	342	(125,296)
Net book amount at 31 March	於三月三十一日賬面淨值	2,743,476	286,059	64,999	800	3,119	35,871	80,009	47,302	3,261,635
At 31 March 2016	於二零一六年三月三十一日									
Cost	成本	2,743,476	334,439	298,145	4,657	11,013	57,656	85,724	52,366	3,587,476
Accumulated amortisation	累計攤銷	-	(48,380)	(233,146)	(3,857)	(7,894)	(21,785)	(5,715)	(5,064)	(325,841)
Net book amount	賬面淨值	2,743,476	286,059	64,999	800	3,119	35,871	80,009	47,302	3,261,635

Amortisation is included in administrative expenses in the consolidated income statement.

攤銷包括在綜合收益表的行政費用內。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

8. INTANGIBLE ASSETS (CONTINUED)

- (a) Goodwill is mainly attributable to the anticipated profitability of operations, the anticipated future operating synergies and enlarged market share. Goodwill arising from prior year is allocated to the Group's CGUs identified mainly according to the operating segments. Goodwill arising from the acquisition of Yancheng Chunzhu and VMR are allocated to the respective entities acquired.

The goodwill is allocated as follows:

8. 無形資產 (續)

- (a) 商譽主要由經營活動的預期盈利狀況、預期的未來經營協同效應和擴大的市場份額決定。本集團之商譽主要根據其業務分部分配至多個現金產出單元。因收購鹽城春竹及VMR而產生之商譽已分配至相應之被收購的實體。

商譽分配的摘要呈列如下：

		As at 31 March 於三月三十一日					2015 二零一五年				
		2016 二零一六年				Reconstituted tobacco					
		Flavours	leaves	Yancheng Chunzhu	Fragrances	VMR	Total	Flavours	leaves	Fragrances	Total
		食用香精	煙草薄片	鹽城春竹	日用香精	VMR	總計	食用香精	煙草薄片	日用香精	總計
Goodwill	商譽	1,424,827	1,131,272	80,084	52,850	54,443	2,743,476	1,489,845	1,190,058	55,565	2,735,468

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rates below. The terminal growth rate does not exceed the long-term average growth rate for the businesses in which the CGU operates.

每個現金產生單位的可收回金額乃以使用價值計算。上述採用計算基於管理層已批准的五年期財務預算而預計之稅前貼現現金流量計算。超逾五年期的現金流量使用的預計永續年增長率列示如下。該永續年增長率不會超過現金產生單位之業務分部營運的長期平均增長率。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

8. INTANGIBLE ASSETS (CONTINUED)

(a) (Continued)

The key assumptions used for value-in-use calculations are as follows:

		As at 31 March 於三月三十一日					2015 二零一五年		
		2016 二零一六年					Reconstituted Tobacco		
		Reconstituted Tobacco Flavours	Yancheng leaves Chunzhu	Fragrances Chunzhu	Fragrances Chunzhu	VMR	Flavours	leaves	Fragrances
		食用香精	煙草薄片	鹽城春竹	日用香精	VMR	食用香精	煙草薄片	日用香精
Gross margin	毛利率	75%	56%~57%	27%~28%	42%	52.6%~53%	76%	57%-59%	42%
Revenue growth rate in forecast period	預測銷售增長率	3%	2.5%~3%	11%~63%	5%~10%	5%~33%	3%	3%~5%	5%~15%
Terminal growth rate	永續年增長率	3%	3%	3%	5%	3%	3%	3%	5%
Discount rate	貼現率	13.5%	15%	17%	13.5%	17.5%	13.5%	15%	13.5%

These assumptions have been used for the analysis of each CGU within the operating segment.

Management determined budgeted gross margin based on past performance and their expectations for the market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments or entities.

Based on the assessment of the cash flow projections of the various CGUs, the Directors considered that there is no impairment of goodwill as at 31 March 2016 and 2015.

(b) Trademarks represent Peacock, Xinghu, Samshiang, Chunzhu, V2, V2PRO, Vapour2 trademarks.

8. 無形資產 (續)

(a) (續)

使用價值計算的主要假設如下：

此假設已沿用於營運分部中的每個現金產生單位的分析內。

管理層根據過往的業績及其對市場發展的預期確定預計毛利率。所用的貼現率為稅前並反映有關分部的特定風險。

在評價多個現金產生單位的現金流預測後，本集團之董事認為於二零一六年及二零一五年三月三十一日商譽並無減值。

(b) 商標乃指孔雀、星湖、湘農山香、春竹、V2、V2PRO、Vapour2牌商標。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

9. INVESTMENTS IN ASSOCIATES

The Group has interests in two and one individually immaterial associates as at 31 March 2016 and 2015 respectively. The following table analyses, in aggregate, the movements of the carrying amount of the Group's investments in these associates, and its share of results of these associates.

An analysis of the movements of equity investments in associates is as follows:

9. 於聯營公司之投資

於二零一六年及二零一五年三月三十一日，本集團分別於兩個及一個並非個別重大的聯營公司擁有權益。下表為本集團於該等聯營公司的投資及其於該等聯營公司應佔業績的合計賬面值變動的分析。

於聯營公司的權益投資變動分析如下：

		Year ended 31 March 截至三月三十一日止年度	
		2016 二零一六年	2015 二零一五年
		Note 附註	
At 1 April	於四月一日		239,044
Share of profit/(loss) of associates	應佔聯營公司盈利/(虧損)		(3,208)
Disposal of Henan Jinrui Flavours Co., Ltd.	出售河南金瑞香精香料有限公司		(8,305)
Acquisition of Yunnan Hongta Blue Eagle Paper Co. Ltd ("Hongta Blue Eagle")	收購雲南紅塔藍鷹紙業有限公司(「紅塔藍鷹」)	(b)	—
Dividends received or receivable	宣派股息	(c)	—
Acquisition of Yancheng Chunzhu	收購鹽城春竹之股權	(c)	—
Transfer to investments in subsidiaries upon gaining control over Yancheng Chunzhu	於獲取控制權後 鹽城春竹由聯營公司轉為 非全資附屬公司	(c)	—
Currency translation differences	貨幣換算差額		264
At 31 March	於三月三十一日		227,795

(a) As at 31 March 2016, the Group had interests in the following associates:

(a) 於二零一六年三月三十一日，本集團於以下聯營公司擁有權益：

Name 名稱	Country of incorporation 註冊成立國家	% of ownership 所持權益百分比	Principal activities 主要業務
Guizhou Huangguoshu Golden Leaf Technology Co., Ltd. ("Huangguoshu Golden Leaf") 貴州黃果樹金葉科技有限公司(「黃果樹金葉」)	PRC 中國	40%	Pre-operating 籌備開業中
Hongta Blue Eagle 紅塔藍鷹	PRC 中國	25.1%	Manufacture and sales of cigarette paper and auxiliary products 生產和銷售捲煙用紙及輔助用品

(b) In December 2015, the Group purchased 25.1% of the equity interest in Hongta Blue Eagle for a consideration of HKD121,342,000 (equivalent to RMB101,658,000).

(b) 集團於2015年12月以港幣約121,342,000元(約人民幣101,658,000元)收購紅塔藍鷹25.1%之股權。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

9. INVESTMENTS IN ASSOCIATES (CONTINUED)

- (c) In August 2015, the Group acquired 30% equity interest in Yancheng Chunzhu, and provided a five-year loan amounting to RMB84,000,000 (equivalent to HKD101,890,000) to one of the shareholders. The loan was secured over pledge of the shareholder's 69% share in Yancheng Chunzhu. There was also a call option attached to the loan which gave the Group the right to acquire an additional 30% equity interest in Yancheng Chunzhu. As the contract contained an embedded derivative, management designated the entire hybrid contract as a financial asset at fair value through profit or loss. Based on the term of the option, it could only be exercised from 22 November 2015 onward and the original largest shareholder still controlled Yancheng Chunzhu during that period. Given the Group did not have substantive control over Yancheng Chunzhu at the date it acquired the 30% equity interest, the investment was initially accounted for as investment in an associate by the Group until the option became effective. Subsequently, the Group obtained control and acquired the additional 30% equity interest in Yancheng Chunzhu. Upon obtaining control over Yancheng Chunzhu, the previously held 30% equity interest in Yancheng Chunzhu was re-measured to fair value with the resulting gain or loss being recognised in profit or loss and transferred the re-measured carrying amount from investment in an associate to investment in a subsidiary. Please refer to Note 30(a) for more details.

9. 於聯營公司之投資 (續)

- (c) 集團於2015年8月收購鹽城春竹30%之股權，同時還提供了人民幣84,000,000元(港幣101,890,000元)五年期貸款予鹽城春竹的一位股東，該貸款以該大股東持有的69%鹽城春竹股份作抵押。該貸款賦予集團增購鹽城春竹額外30%股權的購股權，由於此合約包含了嵌入衍生金融工具，管理層認定此貸款為以公允價值計量且其變動計入損益的金融資產。根據購股權的條款，購股權只能於2015年11月22日始可行使，且原大股東在該段時間仍然控制鹽城春竹。由於集團於購買鹽城春竹30%股權時並沒有對其擁有實質性控制權，因此集團以聯營公司之投資入賬直至購股權生效。集團之後取得控制權並購入鹽城春竹額外30%之股份，當取得鹽城春竹控制權，最初30%於鹽城春竹的股份被重新計量其公允價值而產生之損益在損益表中確認，此於聯營公司之投資以重新計量的公允價值轉至附屬公司之投資。詳細情況請參考附註30(a)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

10. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

The following table analyses the movements of the carrying amount of the Group's investment in a jointly controlled entity. This entity had been deregistered in June 2015.

10. 於共同控制實體之投資

下表為本集團於一共同控制實體的投資及其於該共同控制實體應佔業績的合計賬面值變動的分析。該共同控制實體已於二零一五年六月註銷。

		Year ended 31 March	
		截至三月三十一日止年度	
		2016	2015
		二零一六年	二零一五年
At 1 April	於四月一日	6,987	7,442
Share of (loss)/profit of the jointly controlled entity	應佔共同控制實體之 (虧損)/盈利	(65)	203
Deregistration of Yunnan Qing Tian Xiang Keji Fazhan Co. Ltd.	註銷雲南清甜香料科技發展 有限公司	(6,950)	-
Dividend from the jointly controlled entity	宣派股息	-	(666)
Currency translation differences	貨幣換算差額	28	8
At 31 March	於三月三十一日	-	6,987

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS**11. 可供出售金融資產**

		Year ended 31 March	
		截至三月三十一日止年度	
		2016	2015
		二零一六年	二零一五年
Note	附註		
	At 1 April	225,217	154,504
	Additions for the year	228,833	52,558
	Disposal for the year	(44,079)	–
	Fair value change	(12,474)	17,968
	Currency translation differences	(9,392)	187
	At 31 March	388,105	225,217

Additions for the year represents investments in wealth management products amounting to HKD165,617,000 and investments in technology innovation sector amounting to HKD63,216,000.

本年共新增銀行理財產品港幣165,617,000元及高科技創新基金的投資港幣63,216,000元。

Available-for-sale financial assets include:

可供出售金融資產包括：

		As at 31 March	
		於三月三十一日	
		2016	2015
		二零一六年	二零一五年
Note	附註		
	Non-current assets:		
	Unlisted equity investments		
	in the PRC: at fair value	119,339	185,284
	Unlisted equity investments		
	in Israel: at fair value	103,149	39,933
		222,488	225,217
	Current assets:		
	Wealth management products	165,617	–

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONTINUED)

11. 可供出售金融資產(續)

- (a) The fair value of unlisted equity investments are based on market comparable companies with the following unobservable inputs used.

- (a) 非上市權益投資之公允值乃根據市場上可比較之公司的不可觀察輸入值所釐定。

Unlisted equity interest 非上市權益	Fair value as at 31 March 於3月31日之公允值		Valuation techniques 評估方法	Unobservable inputs 不可觀察輸入值	Average 平均值	
	2016 二零一六年	2015 二零一五年			2016 二零一六年	2015 二零一五年
Tobacco, flavours and fragrances industry 煙草及香精行業	107,338	172,659	Market comparable companies 市場上可比較之公司	Price to sales ratio 股價營收比	2.9	2.6
				Discount for lack of marketability 缺乏流通性折讓	20%	20%
				Price to book ratio 市賬率	2.9	2.8
Private equity fund investment 私募基金	115,150	52,558	Net asset value 資產淨值	n/a 不適用	n/a 不適用	n/a 不適用

- (b) Wealth management products represents financial products issued by commercial banks in PRC. These products are principal protected and with non-guaranteed return, the terms ranging from one day to one month. The carrying amount approximated the fair value. The fair values are based on cash flow discounted using the expected return based on management judgment and are of level 3 within the fair value hierarchy.

- (b) 銀行理財產品為由中國內地銀行發出之財富管理產品，這些產品為保本浮動收益產品，只保障理財資金，不保證理財收益。理財計劃開放期為一天至一個月。銀行理財產品的公允價值與賬面值相若。公允價值根據管理層之判斷以預期回報之折現現金流計算，並屬於公允價值層級之第三層。

Available-for-sale financial assets are denominated in the following currencies:

可供出售金融資產以下列外幣金額列示：

		As at 31 March 於三月三十一日	
		2016 二零一六年	2015 二零一五年
RMB	人民幣	284,956	185,284
USD	美元	103,149	39,933
		388,105	225,217

None of these financial assets is impaired.

沒有金融資產已減值。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

12. DEFERRED INCOME TAX ASSETS/LIABILITIES**12. 遞延所得稅資產／負債**

The movements in the deferred income tax are as follows:

遞延所得稅變動如下：

	Note	Deferred income tax assets 遞延所得稅資產			Total	Deferred income tax liabilities 遞延所得稅負債		
		Unrealised profits arising from intra-group sales 集團內公司間銷售所產生的集團內未變現盈利	Recoverable tax loss 可彌補虧損	Others 其他		Valuation surplus of assets and recognition of intangible assets 資產評估盈餘及無形資產的確認	Withholding income tax on dividends expected to be remitted from group entities incorporated in the PRC 於中國國內的公司預期匯出的股息所產生之預提所得稅	Total
At 1 April 2014 Recognised in other comprehensive income	19	66,208	-	-	66,208	70,117	22,559	92,676
Recognised in the income statement	27	(1,094)	-	-	(1,094)	(8,781)	(15,829)	(24,610)
Currency translation differences		80	-	-	80	34	-	34
At 31 March 2015 Acquisition of equity interest in Yancheng Chunzhu		65,194	-	-	65,194	65,877	6,730	72,607
Recognised in other comprehensive income	19	-	-	-	-	(3,789)	-	(3,789)
Recognised in the income statement	27	8,806	7,150	2,264	18,220	2,384	(6,730)	(4,346)
Currency translation differences		(3,417)	(159)	(50)	(3,626)	(1,660)	-	(1,660)
At 31 March 2016		70,583	6,991	2,214	79,788	85,329	-	85,329

Deferred income tax assets are recognised for temporary differences arising from unrealised profits from intra-group sales, and calculated under the liability method using the tax rate which are enacted or substantively enacted by the balance sheet date.

集團內公司間銷售所產生的集團內未變現盈利確認為遞延所得稅資產，其金額以負債法按結算日已生效或已實質生效的稅率計算暫時性差額確定。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

12. DEFERRED INCOME TAX ASSETS/LIABILITIES (CONTINUED)

Deferred income tax liabilities arose from the valuation surplus of property, plant and equipment, land use rights, intangible assets, available-for-sale financial assets; recognition of intangible assets as a result of acquisition of subsidiaries; changes in fair value of financial assets at fair value through profit or loss and withholding income tax on dividends expected to be remitted abroad by group entities incorporated in the PRC.

Pursuant to the Corporate Income Tax Laws of the PRC approved by the National People's Congress on 16 March 2007, a 10% withholding tax is levied on dividends remitted from the PRC entities to overseas investors with effect from 1 January 2008. A lower withholding tax rate of 5% is applied to Hong Kong investors as there is a tax treaty between the PRC and Hong Kong. However, the 5% treaty rate is not automatically granted. The taxpayer needs to apply to the relevant tax bureau for an approval for the treaty rate. The Directors estimated that a portion of profits generated by the PRC subsidiaries would be distributed to their Hong Kong immediate parent companies and the approval for the treaty rate will be obtained. Therefore, deferred income tax liabilities had been provided based on 5% or 10% of the estimated profits to be remitted to Hong Kong. The Directors of the Company will review the funding requirements of the Group and revise the dividend distribution policy of its subsidiaries as appropriate.

As at 31 March 2016, deferred income tax liabilities of HKD343,470,000 (2015: HKD358,457,000) have not been recognised for the withholding tax that would otherwise be payable on the undistributed profits approximately HKD6,858,315,000 (2015: HKD7,303,736,000) retained by certain PRC subsidiaries.

12. 遞延所得稅資產／負債（續）

遞延所得稅負債乃由於本公司收購或合併附屬公司所導致之物業、機器及設備，土地使用權、無形資產和可供出售金融資產的評估盈餘、無形資產的確認、以公允值計量且其變動計入損益的金融資產的公允值變動而產生，及集團內於中國註冊成立的公司預期匯出境外的股息所產生之預提所得稅。

根據全國人民代表大會於二零零七年三月十六日通過的中國企業所得稅法，由二零零八年一月一日起，中國企業向外商投資企業分派股息，需按10%之稅率徵收所得稅。基於中國及香港有特別稅務協定，故中國企業向香港投資企業分派股息，可享有較優惠的稅率5%徵收。但該5%協定稅率並非自動獲得，納稅人需向有關主管稅局申請批准享有稅務協定。本公司董事預計會將某些中國大陸附屬公司之盈利派發股息予其於香港之直接母公司。因此，遞延所得稅負債乃按預期匯出香港之盈利以5%或10%的稅率計算。本公司董事將不時檢討本集團之資金需求並適時調整附屬公司之股息政策。

於二零一六年三月三十一日，本集團並未就若干中國大陸附屬公司之未分派盈利約港幣6,858,315,000元（二零一五年：港幣7,303,736,000元）須予支付的預提所得稅確認遞延所得稅負債港幣343,470,000元（二零一五年：港幣358,457,000元）。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

12. DEFERRED INCOME TAX ASSETS/LIABILITIES (CONTINUED)

12. 遞延所得稅資產／負債（續）

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

遞延所得稅資產及負債的分析如下：

		As at 31 March 於三月三十一日	
		2016 二零一六年	2015 二零一五年
Deferred income tax assets:	遞延所得稅資產		
– to be recovered after more than 12 months	– 在十二個月後收回部份	6,991	–
– to be recovered within 12 months	– 在十二個月內收回部份	72,797	65,194
		79,788	65,194
Deferred income tax liabilities:	遞延所得稅負債		
– to become payable after more than 12 months	– 在超過十二個月後轉為應付部份	75,747	58,842
– to become payable within 12 months	– 在十二個月內轉為應付部份	9,582	13,765
		85,329	72,607

13. INVENTORIES

13. 存貨

		As at 31 March 於三月三十一日	
		2016 二零一六年	2015 二零一五年
At cost:	按成本：		
Raw materials	原材料	652,639	667,012
Work in progress	在製品	13,624	6,037
Finished goods	製成品	167,761	145,384
		834,024	818,433

For the year ended 31 March 2016, the cost of inventories recognised as expense and included in cost of goods sold and administrative expenses for the year ended 31 March 2016 amounted to approximately HKD977,403,000 (2015: HKD1,102,762,000).

截至二零一六年三月三十一日止年度之存貨成本確認為費用並計入銷售成本的金額約為港幣977,403,000元（二零一五年：港幣1,102,762,000元）。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

14. TRADE AND OTHER RECEIVABLES

14. 貿易及其他應收款項

		As at 31 March 於三月三十一日	
		2016 二零一六年	2015 二零一五年
Note 附註			
	Trade receivables	貿易應收款項	
	Less: Provision for impairment of receivables	減：應收款項減值撥備	
(a)		994,949	936,735
		(13,763)	(7,044)
	Trade receivables – net	貿易應收款項 – 淨額	
	Notes receivable	應收票據	
	Prepayments and other receivables	預付款項及其他應收款項	
	Advances to staff	員工墊款	
	Others	其他	
		981,186	929,691
		192,647	224,940
		231,930	106,060
		15,054	13,473
		19,873	35,529
		1,440,690	1,309,693

Except for prepayment of HKD44,028,000 (2015: HKD28,435,000), trade and other receivables are financial assets categorised under “loans and receivables”. All trade and other receivables are either recoverable within one year or on demand. Accordingly, the fair values of the trade and other receivables approximate to their carrying amounts.

除預付賬款港幣44,028,000元（二零一五年：港幣28,435,000元）外，貿易及其他應收款項被分類為「貸款和應收款項」。所有貿易及其他應收款項乃於一年內或於通知時清還。故貿易及其他應收款項賬面值與公允值相若。

(a) The credit period generally granted to customers ranges from 0 to 180 days. At 31 March 2016 and 2015, the ageing analysis of the trade receivables (including amounts due from related parties which are trade in nature) based on invoice date was as follows:

(a) 授予客戶的信貸期一般為0至180日。於二零一六年及二零一五年三月三十一日，貿易應收款項（包括關聯人士的貿易應收款項）根據發票日期的賬齡分析如下：

		As at 31 March 於三月三十一日	
		2016 二零一六年	2015 二零一五年
0 – 90 days	0至90日	869,233	837,444
91 – 180 days	91至180日	55,538	47,365
181 – 360 days	181至360日	41,803	14,087
Over 360 days	360日以上	28,375	37,839
		994,949	936,735

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

14. 貿易及其他應收款項 (續)

(a) (Continued)

As at 31 March 2016, unbilled trade receivables of HKD371,792,000 (2015: HKD457,111,000) was categorised in the aging of 0-90 days.

(a) (續)

於二零一六年三月三十一日，未開發票之貿易應收為港幣371,792,000元（二零一五年：港幣457,111,000元）已包括在0-90日賬齡內。

After considering the credit period, trade receivables are assessed for impairment. As at 31 March 2016, trade receivables of HKD68,143,000 (2015: HKD58,904,000) were past due but not impaired. These relate to a number of independent customers with no recent history of default. The ageing analysis of these trade receivables is as follows:

信用期滿後，已對貿易應收款項進行減值評估。於二零一六年三月三十一日，貿易應收款項港幣68,143,000元（二零一五年：港幣58,904,000元）經已逾期但並無減值。此等款項涉及多個最近沒有拖欠還款記錄的獨立客戶。此等貿易應收款的逾期賬齡分析如下：

		As at 31 March 於三月三十一日	
		2016 二零一六年	2015 二零一五年
Past due up to 90 days	逾期至90日	46,475	25,545
Past due over 90 days	逾期超過90日	21,668	33,359
		68,143	58,904

As at 31 March 2016, trade receivables of HKD28,375,000 (2015: HKD7,044,000) were impaired with HKD13,763,000 (2015: HKD7,044,000) provision made. The individually impaired receivables mainly relate to customers which had ceased business with the Group and were not in a position to repay. These receivables are all aged over one year.

於二零一六年三月三十一日，貿易應收款港幣28,375,000元（二零一五年：港幣7,044,000元）中港幣13,763,000元（二零一五年：港幣7,044,000元）須減值及撥備。個別減值的應收款項主要來自與集團終止合作關係及無還款能力的客戶。上述應收款項賬齡均超過一年。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

14. TRADE AND OTHER RECEIVABLES (CONTINUED)

14. 貿易及其他應收款項(續)

- (b) The carrying amounts of the Group's trade receivables (including amounts due from related parties which are trade in nature) are denominated in the following currencies:

- (b) 本集團的貿易應收款的賬面值(包括關聯人士的貿易應收款項)以下列貨幣為單位：

		As at 31 March 於三月三十一日	
		2016 二零一六年	2015 二零一五年
RMB	人民幣	957,383	927,795
USD	美元	37,473	8,674
HKD and other	港幣	93	266
		994,949	936,735

Movements of the provision for impairment of trade receivables were as follows:

貿易應收款減值撥備的變動如下：

		Year ended 31 March 截至三月三十一日止年度	
Note 附註		2016 二零一六年	2015 二零一五年
	At 1 April 於四月一日	7,044	7,787
	Provision for/(reversal of) impairment on trade receivables 貿易應收款減值 撥備/(轉回)	24 7,910	(507)
	Trade receivables written off during the year as uncollectible 於年中撇銷未收的 貿易應收款	(682)	(245)
	Currency translation differences 貨幣換算差額	(509)	9
	At 31 March 於三月三十一日	13,763	7,044

The creation and release of provision for impaired receivables have been included in "administrative expenses" in the consolidated income statement. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

對已減值應收款撥備的設立和轉回已包括在綜合收益表中「行政費用」內。計入撥備賬戶中的數額一般會在預期無法收回額外現金時撇銷。

The other classes within trade and other receivables do not contain impaired assets.

貿易及其他應收款項內的其他類別沒有包含已減值資產。

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. The Group does not hold any collateral as security.

在報告日期，信貸風險的最高風險承擔為上述每類應收款項的賬面值。本集團不持有任何作為抵押的抵押品。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

15. 以公允價值計量且其變動計入損益的金融資產：

		As at 31 March 於三月三十一日	
		2016 二零一六年	2015 二零一五年
Listed equity securities, PRC, at market value, denominated in RMB	上市股本證券，中國大陸，按市值以人民幣計值	229,149	124,535

Changes in fair values of financial assets at fair value through profit or loss are recorded in “other income and other gains – net” in the consolidated income statement (Note 23).

按公允價值透過損益列賬之財務資產之公允價值變動乃記入綜合損益表之「其他收入及其他收益－淨額」內（附註23）。

The fair values of all equity securities are based on their current bid prices in an active market, and they are categorised within level 1 of fair value hierarchy.

上市股本證券之公允價值乃該等證券於活躍市場的買入價，且在公允價值層級中屬於第一層。

16. CASH AND BANK BALANCES

16. 銀行及庫存現金

		As at 31 March 於三月三十一日	
Note 附註		2016 二零一六年	2015 二零一五年
Restricted bank balance	受限制現金	(a) 117,130	–
Cash and cash equivalents	現金及現金等價物	3,184,051	2,674,289
Short-term time deposits	短期定期存款	(b) 220,527	951,802
		3,521,708	3,626,091

(a) Restricted bank balance represents the consideration payable for acquiring 25.1% equity interest in Hongta Blue Eagle (Note 9), which had not been remitted out as at 31 March 2016, due to foreign exchange control regulations.

(a) 受限制現金為支付購買25.1%紅塔藍瑛股份之對價（附註9）。截至二零一六年三月三十一日，由於外匯管制因素，該筆款項尚未匯出。

(b) The original maturity of time deposits was six month or above with average interest rate of 2.1% (2015: 3.3%). The fair values of the short-term time deposits approximate their carrying amounts. None of the deposits is either past due or impaired.

(b) 短期定期存款的原到期日乃六個月或以上及其平均存款利息率為2.1厘（二零一五年：3.3厘）。短期定期存款賬面值與公允價值相若。概無存款逾期或減值。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

16. CASH AND BANK BALANCES (CONTINUED)

Cash and bank balances are denominated in the following currencies:

16. 銀行及庫存現金(續)

銀行及庫存現金以下列外幣金額列示：

		As at 31 March 於三月三十一日	
		2016 二零一六年	2015 二零一五年
RMB	人民幣	2,502,421	3,543,201
HKD	港幣	423,923	67,241
USD	美元	589,138	10,992
Euro and others	歐元及其他	6,226	4,657
		3,521,708	3,626,091

As at 31 March 2016, the Group's and the Company's maximum exposure to credit risk of cash and bank balances is their carrying amounts.

於二零一六年三月三十一日，本集團及本公司面對的來自銀行及庫存現金的最高信貸風險乃其賬面價值。

17. SHARE CAPITAL

17. 股本

		Share capital 股本	
		Number of shares 股份數目	HKD'000 港幣千元
Note 附註			
Ordinary shares, issued and fully paid: 普通股，已發行及繳足：			
	At 1 April 2014 於二零一四年四月一日	3,101,317,961	310,132
	Issue of shares upon exercise of share options 行使購股權而發行的新股	3,000,000	300
	At 31 March 2015 於二零一五年三月三十一日	3,104,317,961	310,432
	At 1 April 2015 於二零一五年四月一日	3,104,317,961	310,432
	Issue of shares upon exercise of share options 行使購股權而發行的新股	18 2,340,000	234
	At 31 March 2016 二零一六年三月三十一日	3,106,657,961	310,666

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

18. SHARE-BASED PAYMENT

Movements in the number of shares under share-based payment outstanding during the year are set out below:

18. 股份為基礎的支付

於年內，以股份為基礎的支付下未行使的股份數目之變動列示如下：

		Year ended 31 March 截至三月三十一日止年度	
		2016 二零一六年 Number of share options (‘000) 股份數目 (‘000)	2015 二零一五年 Number of share options (‘000) 股份數目 (‘000)
		Note 附註	
Share option	購股權		
1 April	於四月一日	(a i)	17,590
Exercised	已行使	(a ii)	(2,340)
Lapsed	已失效	(a iii)	–
31 March	小計	(a iv)	15,250
Share award	股份獎勵		
1 April	於四月一日		–
Grant	授出		4,350
31 March	小計		4,350
Total	於三月三十一日		19,600

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

18. SHARE-BASED PAYMENT (CONTINUED)

(a) Share option scheme

On 10 October 2006 and 25 October 2006, the Group granted 97,200,000 and 30,400,000 share options with an exercise price of HKD3.09 per share and vesting periods of 0 to 3 years to employees and directors respectively. On 17 October 2007, the Group granted 13,900,000 and 3,600,000 share options with an exercise price of HKD6.65 per share and vesting periods of 0.5 to 3 years to employees and a director respectively. On 14 April 2008, the Group granted 10,400,000 share options to two directors with an exercise price of HKD6.39 per share and vesting periods of 0 to 3 years. The options have a contractual option term of 10 years. The Group has no legal or contractual obligation to repurchase or settle the options in cash. The fair value of the share options at the grant date was determined using the Black-Scholes valuation model.

- (i) The weighted average exercise prices per share are HKD4.91 and HKD4.89 as at 1 April 2015 and 2014 respectively.
- (ii) The weighted average market share price immediately before the share option exercise date was HKD8.20 (2015: HKD5.03). The weighted average exercise prices per share are HKD4.22 and HKD3.09 for the share options exercised during the year ended 31 March 2016 and 2015 respectively.
- (iii) Share options lapsed was due to resignation of a director. The weighted average exercise price per share is HKD6.39 for the share option lapsed during the year ended 31 March 2015.
- (iv) The weighted average exercise prices per share are HKD5.02 and HKD4.91 as at 31 March 2016 and 2015 respectively.

(除另有指明者外，所有金額均以港幣千元列示)

18. 股份為基礎的支付(續)

(a) 購股權

於二零零六年十月十日及二零零六年十月二十五日，本集團分別授出97,200,000及30,400,000股購股權，行使價為每股港幣3.09元及歸屬期為0至3年，予現有僱員及董事。及於二零零七年十月十七日，本集團分別授出13,900,000及3,600,000股購股權，行使價為每股港幣6.65元及歸屬期為半年至3年，予現有僱員及一名董事。及於二零零八年四月十四日，本集團授予現有兩名董事10,400,000股購股權，行使價為每股港幣6.39元及歸屬期為0至3年。合同規定購股權的期限為十年。本集團無法律義務或合同回購及以現金支付購股權。購股權的公允價值於授出日由Black-Scholes評估模型確認。

- (i) 於二零一五年及二零一四年四月一日，加權平均行使價分別為每股港幣4.91元及港幣4.89元。
- (ii) 緊接購股權行使日期之前的加權平均收市價為每股港幣8.20元(二零一五年：港幣5.03元)。截至2016年及2015年3月31日止年度已行使之購股權之加權平均行使價分別為港幣4.22元及港幣3.09元。
- (iii) 購股權失效是由於董事離職。於二零一五年三月三十一日，失效的購股權之加權平均行使價為港幣6.39元。
- (iv) 於二零一六年及二零一五年三月三十一日，加權平均行使價分別為港幣5.02元及港幣4.91元。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

18. SHARE-BASED PAYMENT (CONTINUED)

18. 股份為基礎的支付 (續)

(a) Share option scheme (Continued)

Share options outstanding as at 31 March 2016 are analysed as follows:

(a) 購股權 (續)

於二零一六年三月三十一日未行使購股權之分析如下：

Grantee		Exercise price in HKD per share 行使價港元 (每股計)	Number of share options ('000) 購股權數目 (股數以千計)	Expiry date 失效日期
Directors	董事	3.09	900	24 October 2016 2016年10月24日
Employees	僱員	3.09	6,100	9 October 2016 2016年10月9日
Employees	僱員	6.65	8,250	16 October 2017 2017年10月16日
At 31 March 2016		於二零一六年三月三十一日	15,250	

All share options outstanding as at 31 March 2016 and 2015 are currently exercisable.

於二零一六年及二零一五年三月三十一日，所有未行使的購股權於現在可予行使。

(b) Share Award

In December 2015, Future Dragon International Limited, a wholly owned subsidiary of the Company, entered into a service contract with a consultant ("the Consultant"). According to the service contract, the Consultant was granted not more than 4,349,717 shares in the Company on full completion of the services before 30 December 2015. It is considered as an equity-settled share-based payment and accounted for as restricted share award. As such, the services received are measured and accounted for at their fair values, which amounted to RMB10,000,000 (approximately HKD11,960,000) and expensed over the vesting period on a straight-line basis. The corresponding equity for the settlement of payment is also increased by the fair value of the services received.

As at 31 March 2016 no shares outstanding are currently exercisable.

(b) 股份獎勵

於2015年12月，Future Dragon，一間本公司之全資子公司，與一名顧問（「顧問」）簽訂服務協議。根據服務協議，於顧問全部完成服務時獲授予不多於4,349,717股股份。此乃以股份為基礎的支付並以受限制股份獎勵入賬。因此，此服務以其公允價值人民幣10,000,000元（約港幣11,960,000元）計量和入賬並於等候期內支出，而服務的公允值會增加權益金額。

於二零一六年三月三十一日，並無未行使的股權可予以行使。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

18. SHARE-BASED PAYMENT (CONTINUED)

(c) Share option scheme of VMR

VMR, a non-wholly owned subsidiary of the Group, operated a share option scheme before it was acquired by the Group. Under the scheme, options over 80,000 shares were authorised to be issued. On the acquisition date at 18 December 2015, the total number of shares under options outstanding is 66,094 with the weighted average exercise price of HKD219.72 (USD28.33). All options vest over a three year period and expire five years from the date of grant. The fair value of the share options at the grant date was determined using the Black-Scholes valuation model.

Movements in the number of shares options outstanding from date of acquisition to 31 March 2016 and their related weighted average exercise prices are set out below:

18 December 2015	於二零一五年十二月十八日
Grant	授出
Lapsed	已失效
Exercised	已行使

31 March	於三月三十一日
----------	---------

The total amount of compensation recognised for all options issued from 19 December 2015 to 31 March 2016 amounted to approximately HKD839,000 (USD108,000). The remaining unrecognised compensation cost relates to the options issued amounted to approximately HKD4,997,000 (USD644,000) as of March 31 2016.

(除另有指明者外，所有金額均以港幣千元列示)

18. 股份為基礎的支付(續)

(c) VMR之購股權計劃

集團之非全資附屬公司VMR於被本集團收購前之購股權計劃的法定購股權為80,000股。截至收購日二零一五年十二月十八日，已授出予現有僱員而未行使的購股權數目為66,094股，加權平均行使價約為港幣219.72元(美元28.33)，所有已授出之購股權歸屬期為三年，合同規定購股權的期限為五年。購股權的公允價值於授出日由Black-Scholes評估模型確認。

由收購日後至二零一六年三月三十一日，未行使的購股數目之變動及其相關之加權平均行使價列示如下：

Year ended 31 March 截至三月三十一日止年度 2016 二零一六年	
Weighted average exercise price in HKD per share 加權平均行使 價港元(每股計)	Number of share options (‘000) 購股權數目 (股數以千計)
219.72	66,094
—	—
—	—
—	—
219.72	66,094

自二零一五年十二月十九日起至二零一六年三月三十一日之購股權支出約為港幣839,000元(美元108,000)。截至二零一六年三月三十一日，已授出購股權相關之未確認購股權支出約為港幣4,997,000元(美元644,000)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

18. SHARE-BASED PAYMENT (CONTINUED)

18. 股份為基礎的支付 (續)

(c) Share option scheme of VMR (Continued)

(c) VMR之購股權計劃 (續)

Share options outstanding as at 31 March 2016 are analysed as follows:

於二零一六年三月三十一日未行使購股權之分析如下：

Grantee	承授人	Exercise price in HKD per share 行使價港元 (每股計)	Number of share options ('000) 購股權數目 (股數以千計)	Expiry date 失效日期
Employees	僱員	164.98	14,100	3 December 2017
Employees	僱員	164.98	12,100	14 September 2018
Employees	僱員	752.32	7,750	1 July 2019
Employees	僱員	164.98	5,500	5 July 2020
Employees	僱員	129.92	26,644	17 December 2020
At 31 March 2016 於二零一六年三月三十一日			66,094	

23,685 share options out of total outstanding options as at 31 March 2016 are currently exercisable.

截至二零一六年三月三十一日，未行使的購股權當中，23,685股購股權可予以行使。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

19. RESERVES

19. 儲備

		Contributed surplus	Merger reserve	Share premium	Capital reserve	Capital redemption reserve	Share-based compensation reserve	Currency translation reserve	Other reserves	Total
	Note	實繳盈餘	合併儲備	股份溢價	資本儲備	資本贖回儲備	以股份為基礎的酬金儲備	貨幣換算儲備	其他儲備	總計
	附註	實繳盈餘	合併儲備	股份溢價	資本儲備	資本贖回儲備	以股份為基礎的酬金儲備	貨幣換算儲備	其他儲備	總計
At 1 April 2014	於二零一四年四月一日	288,191	(617,160)	445,977	1,677	5,853	41,817	705,528	238,451	1,110,334
Fair value changes on available-for-sale financial assets, net of tax	可供出售金融資產之除稅後的公允價值變動 (a)	-	-	-	-	-	-	-	13,461	13,461
Appropriations from net profit	自純利撥付	-	-	-	-	-	-	-	54,251	54,251
Acquisition of additional interests in Sino-Investment from non-controlling interests	向非控制性權益收購中投科技額外權益	-	-	-	-	-	-	-	(9,824)	(9,824)
Acquisition of additional interests in Huabao Korea from non-controlling interests	向非控制性權益收購華寶韓國額外權益	-	-	-	-	-	-	-	5,137	5,137
Employee share option scheme – exercise of share options	僱員購股權計劃 – 行使購股權而發行的新股	-	-	10,181	-	-	(1,211)	-	-	8,970
Currency translation differences	貨幣換算差額	-	-	-	-	-	-	6,277	-	6,277
At 31 March 2015	於二零一五年三月三十一日	288,191	(617,160)	456,158	1,677	5,853	40,606	711,805	301,476	1,188,606
At 1 April 2015	於二零一五年四月一日	288,191	(617,160)	456,158	1,677	5,853	40,606	711,805	301,476	1,188,606
Fair value changes on available-for-sale financial assets, net of tax	可供出售金融資產之除稅後的公允價值變動 (a)	-	-	-	-	-	-	-	(9,451)	(9,451)
Reversal of fair value change for disposal of available-for-sale financial assets, net of tax	就出售可供出售金融資產而由儲備轉回收益表之除稅後金額 (b)	-	-	-	-	-	-	-	(8,392)	(8,392)
Appropriations from net profit	自純利撥付	-	-	-	-	-	-	-	56,981	56,981
Share-based payment – Value of consultancy services	股份為基礎的支付顧問服務價值	-	-	-	-	-	2,392	-	-	2,392
Acquisition of additional equity interest in Yancheng Chunzhu from non-controlling interest	向非控制性權益收購鹽城春竹額外權益 31(a)	-	-	-	-	-	-	-	39,764	39,764
Repurchase of shares of VMR from non-controlling interests	向少數股東回購VMR的股份 31(b)	-	-	-	-	-	-	-	(5,070)	(5,070)
Employee share option scheme – exercise of share options	僱員購股權計劃 – 行使購股權而發行的新股	-	-	12,093	-	-	(2,462)	-	-	9,631
Currency translation differences	貨幣換算差額	-	-	-	-	-	-	(461,258)	-	(461,258)
At 31 March 2016	於二零一六年三月三十一日	288,191	(617,160)	468,251	1,677	5,853	40,536	250,547	375,308	813,203

(a) The amount of changes in fair value in available-for-sale financial assets before tax is HKD12,474,000 (2015: HKD17,968,000) (Note 11), of which HKD3,023,000 (2015: HKD4,507,000) was recognised in other comprehensive income as deferred tax (Note 12).

(b) The amount of HKD8,392,000 of fair value change in available-for-sale financial assets after netting off the deferred tax amounting to HKD766,000 (Note 12) previously recognised in other comprehensive income was reversed due to disposal during the year ended 31 March 2016.

(a) 可供出售金融資產之公允價值變動稅前金額為港幣12,474,000元(二零一五年: 17,968,000)(附註11)，其中港幣3,023,000元(二零一五年: 4,507,000)已於儲備中確認為遞延稅項(附註12)。

(b) 於二零一六年三月三十一日止年度，由於出售可供出售金融資產而將其以前年度扣除遞延稅項港幣766,000元(附註12)後的公允價值變化港幣8,392,000元，從其他全面收益中轉至收益表。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

20. RETAINED EARNINGS**20. 保留盈利**

		Year ended 31 March 截至三月三十一日止年度	
		2016 二零一六年	2015 二零一五年
At 1 April	於四月一日	7,670,008	7,265,105
Profit for the year	本年度盈利	1,450,250	1,986,584
Appropriations from net profit	自純利撥付	(56,981)	(54,251)
Unclaimed dividend forfeited	沒收未領取股息	94	-
Final and special dividend for the year ended 31 March 2014	截至二零一四年三月三十一日止年度之期末及特別股息	-	(542,741)
Interim and special dividend for the six months ended 30 September 2014	截至二零一四年九月三十日止六個月之中期及特別股息	-	(984,689)
At 31 March	於三月三十一日	9,063,371	7,670,008

21. BORROWINGS**21. 貸款**

		As at 31 March 於三月三十一日	
		2016 二零一六年	2015 二零一五年
		Note 附註	
Current	流動		
- Secured bank borrowings	- 有抵押銀行貸款	(a)	15,150
- Unsecured bank borrowings	- 無抵押銀行貸款	(b)	735,128
Total borrowings	總貸款		750,278

(a) As at 31 March 2016, the bank borrowing was secured by a pledge of land and buildings located in Jiangsu Province owned by a subsidiary, Yancheng Chunzhu. The borrowing is denominated in RMB and is repayable within one year. During the year, the average interest rate was 6.38%.

(b) Unsecured bank borrowings are repayable within one year. During the year, the average interest rate was 1.90% (2015: 2.24%) per annum.

Borrowings are financial liabilities categorised under "financial liabilities measured at amortised cost". The fair values of the borrowings approximate their carrying amounts.

(a) 於2016年3月31日有抵押銀行貸款乃由附屬公司鹽城春竹持有位於江蘇省的土地及樓宇作為抵押。該貸款以人民幣為單位，並需於一年內到期償還。於年內，該貸款平均利息為每年6.38厘。

(b) 無抵押銀行貸款需於一年內到期償還。於年內，該貸款平均利息為每年1.90厘（二零一五年：2.24厘）。

貸款乃金融負債被分類為「按攤銷成本計量的金融負債」。貸款的賬面值與公允價值相若。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

21. BORROWINGS (CONTINUED)

Bank borrowings are denominated in the following currencies:

21. 貸款 (續)

銀行貸款是以下貨幣為單位：

		As at 31 March 於三月三十一日	
		2016 二零一六年	2015 二零一五年
HKD	港幣	–	590,000
EUR	歐元	–	145,128
RMB	人民幣	18,002	15,150
		18,002	750,278

Interest expense on bank borrowings for the year ended 31 March 2016 amounted to HKD10,445,000 (2015: HKD13,878,000). No interest expense (2015: nil) was capitalised during the year.

截至二零一六年三月三十一日止年度的銀行貸款利息開支約為港幣10,445,000元(二零一五年：港幣13,878,000元)，於年內並無(二零一五年：無)利息費用資本化。

22. TRADE AND OTHER PAYABLES

22. 貿易及其他應付款項

		As at 31 March 於三月三十一日	
Note 附註		2016 二零一六年	2015 二零一五年
Trade payables	貿易應付款項	(a) 371,263	394,759
Dividends payable	應付股息	8,947	–
Wages payable	應付工資	52,659	70,723
Other taxes payable	其他應付稅項	77,004	39,378
Accruals for expenses	應計開支	75,452	9,454
Advances from customers	客戶預付款	7,124	2,345
Payable for acquisition of an associate	收購一聯營公司之應付款項	116,806	–
Payable for licence fee	應付專利權費	43,462	–
Other payables	其他應付款項	80,403	45,371
		833,120	562,030

Except for other taxes payable of HKD77,004,000 (2015: HKD39,378,000), wages payable of HKD52,659,000 (2015: HKD70,723,000) and advances from customers of HKD7,124,000 (2015: HKD2,345,000), trade and other payables balances are financial liabilities categorised under “financial liabilities measured at amortised cost”. The fair values of trade and other payables approximate their carrying amounts.

除其他應付稅款港幣77,004,000元(二零一五年：港幣39,378,000元)，應付工資港幣52,659,000元(二零一五年：港幣70,723,000元)及客戶預付款港幣7,124,000元(二零一五年：港幣2,345,000元)外，貿易及其他應付款項乃金融負債被分類為「按攤銷成本計量的金融負債」。貿易及其他應付款項的公允價值與其賬面值相若。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

22. TRADE AND OTHER PAYABLES (CONTINUED)

22. 貿易及其他應付款項 (續)

- (a) As at 31 March 2016 and 2015, the ageing analysis of the trade payables (including amounts due to related parties which are trade in nature) based on invoice dates was as follows:

- (a) 於二零一六年及二零一五年三月三十一日，貿易應付款項（包括關聯人士的貿易應付款項）根據發票日期的賬齡分析如下：

		As at 31 March 於三月三十一日	
		2016 二零一六年	2015 二零一五年
0 – 90 days	0至90日	289,879	271,306
91 – 180 days	91至180日	56,234	88,508
181 – 360 days	181至360日	6,546	12,296
Over 360 days	360日以上	18,604	22,649
		371,263	394,759

- (b) The carrying amounts of the Group's trade payables (including amounts due to related parties which are trade in nature) are denominated in the following currencies:

- (b) 本集團的貿易應付款項（包括關聯人士的貿易應付款項）的賬面值以下列貨幣為單位：

		As at 31 March 於三月三十一日	
		2016 二零一六年	2015 二零一五年
RMB	人民幣	307,009	369,833
USD	美元	54,932	12,996
HKD	港幣	1,950	3,820
EUR and other	歐元及其他	7,372	8,110
		371,263	394,759

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

23. OTHER INCOME AND OTHER GAINS – NET

23. 其他收入及其他收益 – 淨額

		Year ended 31 March 截至三月三十一日止年度	
		2016 二零一六年	2015 二零一五年
	Note 附註		
Changes in fair value of financial assets at fair value through profit or loss	以公允價值計量且其變動計入損益的金融資產的公允價值變動	68,045	28,658
Loss on disposal of financial assets at fair value through profit & loss	出售以公允價值計量且其變動計入損益的金融資產的虧損	(9,058)	–
Gain on disposal of available-for-sale financial assets	出售可供出售金融資產之收益	3,296	–
Gain on disposal of an associate	出售聯營公司之收益	–	3,487
Gain on disposal of a subsidiary	出售附屬公司之收益	–	2,180
Government grants	政府津貼	191,455	229,442
Foreign exchange loss – net	匯兌虧損 – 淨額	(40,595)	(5,549)
Change in fair value of previously held interests in an associate upon acquisition as a subsidiary	以前於聯營公司持有之權益於成為附屬公司時的公允價值變動	(14,182)	–
Others	其他	(1,534)	4,987
		197,427	263,205

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

24. EXPENSES BY NATURE

Expenses included in cost of goods sold, selling and marketing expenses and administrative expenses are analysed according to their nature (with the exception of "research and development expenses" which are shown as a single item and analysed according to their nature in note (a) below) as follows:

24. 按性質分類的開支

費用包括銷售成本、銷售及市場推廣開支及行政費用，並根據其性質（除附註(a)按照性質所單獨列示的「研究及發展開支」外，每項開支均已不包括有關研究及發展的金額）分析如下：

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2016 二零一六年	2015 二零一五年
Depreciation	折舊	6	132,111	124,596
Provision for impairment on property, plant and equipment	固定資產減值撥備	6	15,058	–
Amortisation	攤銷	7,8	60,462	44,304
Changes in inventories of finished goods and work in progress	製成品及在製品 存貨變動		29,964	8,873
Raw materials and consumables used	已用原材料及消耗品		894,333	1,026,344
Provision for/(reversal of) impairment on trade receivables	貿易應收款之減值 撥備／(轉回)	14	7,910	(507)
Lease rentals	租金		40,438	38,153
Auditor's remuneration	核數師酬金		10,901	8,360
Travelling expenses	差旅開支		91,649	49,443
Employee benefit expenses	僱員及福利開支	25	357,209	337,764
Research and development expenses	研究及發展開支	(a)	239,665	256,205
Delivery expenses	運輸開支		39,212	49,621
Utilities expenses	公共設施開支		82,879	84,368
Motor vehicle expenses	汽車費用開支		19,077	21,237
Maintenance expenses	維修費		31,644	25,217
Advertising and promotion expenses	廣告及宣傳費		91,373	43,518
Office administrative and communication expenses	辦公及通訊費		23,205	14,167
Other surcharges	其他附加稅費		13,796	12,921
Others	其他		196,655	124,962
Total of cost of goods sold, selling and marketing expenses and administrative expenses	總銷售成本、 銷售及市場推廣 開支和行政費用		2,377,541	2,269,546

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

24. EXPENSES BY NATURE (CONTINUED)

- (a) Depreciation, amortisation and employee benefit expenses included in research and development expenses are set out below:

24. 按性質分類的開支(續)

- (a) 研究及發展開支中包括的折舊、攤銷及僱員福利開支列示如下：

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2016 二零一六年	2015 二零一五年
Depreciation	折舊	6	27,741	26,548
Amortisation	攤銷	7,8	514	886
Employee benefit expenses	僱員及福利開支	25	94,257	94,727

No development cost has been capitalised for the year ended 31 March 2016 (2015: Nil).

在截至二零一六年三月三十一日止年度內並無任何發展成本已資本化(二零一五年：無)。

25. EMPLOYMENT BENEFIT EXPENSES**25. 僱員福利開支**

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2016 二零一六年	2015 二零一五年
Wages, salaries and bonus	工資、薪酬及花紅		368,972	362,677
Defined contribution plans and other employee insurances	定額供款計劃及其他員工保險	(a)	47,272	44,415
Other benefits	其他福利		35,222	25,399
			451,466	432,491

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

25. EMPLOYMENT BENEFIT EXPENSES (CONTINUED)

25. 僱員福利開支 (續)

(a) Defined contribution plans and other employee insurances

The expenses mainly include contribution of pension, housing scheme and other employee insurances for employees, of which the arrangement of pension scheme is as below:

In Hong Kong, the Group operates a MPF Scheme for all eligible employees. The assets of the MPF Scheme are held separately from those of the Group.

Under the MPF Scheme, the employees are required to contribute 5% of their monthly salaries up to a maximum of HKD1,500 per employee with a choice to make additional contributions. The employer's monthly contributions are calculated at 5% of each employee's monthly salaries up to a maximum of HKD1,500 (the "mandatory contributions"). The employees are entitled to 100% of the employer's mandatory contributions upon their retirement at the age of 65 years old, death or total incapacity.

In Mainland China, the Group makes defined contribution to retirement schemes managed by the local governments. It is the local governments' responsibility to pay the retirement benefits to those staff who retire.

In Germany, the Group makes defined contributions at certain percentage of monthly salary to retirement schemes managed by the insurance company in accordance with German rules and regulations. It is the insurance company's responsibility to pay the retirement benefits to those staff who retire. In Botswana, no pension obligation is required under its laws and regulations.

In the United States of America ("USA"), the Group makes defined contributions at certain percentage of monthly salary to retirement and medical schemes managed by the federal government of USA in accordance with US rules and regulations. It is the federal government's responsibility to pay the retirement benefits to those staff who retire.

(a) 定額供款計劃及其他員工保險

此費用包括退休金供款、員工住房計劃及其他員工保險。退休金計劃之安排如下：

本集團為香港所有合資格僱員設立強積金計劃。強積金計劃之資產與本集團所持者獨立分開。

根據強積金計劃，每名僱員須按月薪5%（最高供款額為港幣1,500元）作出供款，並可選擇作出額外供款。僱主亦須按每名僱員月薪5%（最高供款額為港幣1,500元）作出供款（「強制供款」）。僱員可於六十五歲退休、身故或完全喪失工作能力時收取僱主作出之全部強制供款。

本集團在中國內地根據合資格員工的基本薪金若干百分比向中國地方政府所管理的退休金計劃作出定額供款。地方政府有責任向該等退休僱員支付退休金。

另本集團亦根據德國的相關法律和法規向合資格員工按月薪的若干百分比向有關保險公司作出供款。保險公司有責任向該等退休僱員支付退休金。博茨瓦納的相關法律和法規並無要求需向員工支付退休金的責任。

本集團亦根據美國的相關法律和法規向合資格員工按月薪的若干百分比向美國聯邦政府所管理的退休金及醫療保險計劃作出供款。美國聯邦政府有責任向該等退休僱員支付退休金。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

25. EMPLOYMENT BENEFIT EXPENSES (CONTINUED)**25. 僱員福利開支(續)****(b) Five highest paid individuals**

The five individuals whose emoluments were the highest in the Group for the year include 3 (2015: 2) directors whose emoluments are reflected in Note 37(a). The emoluments paid and payable to the remaining 2 (2015: 3) individuals during the year are as follows:

(b) 五名最高薪酬人士

年內，在本集團之五名最高薪酬人士包括三位(二零一五年：兩位)為董事，而彼等之酬金詳情已載於附註37(a)。本年度支付予其餘兩位人士(二零一五年：三位)之酬金如下：

		Year ended 31 March 截至三月三十一日止年度	
		2016 二零一六年	2015 二零一五年
Basic salaries and allowances	基本薪金及津貼	12,476	12,251
Contributions to the retirement scheme	退休福利計劃供款	123	135
		12,599	12,386

The emoluments fell within the following bands:

彼等之酬金在以下範圍：

		Number of employees 僱員人數	
		2016 二零一六年	2015 二零一五年
Emolument bands	酬金範圍		
HKD2,500,001- HKD3,000,000	港幣2,500,001至3,000,000元	-	1
HKD3,500,001- HKD4,000,000	港幣3,500,001至4,000,000元	1	-
HKD4,500,001- HKD5,000,000	港幣4,500,001至5,000,000元	-	2
HKD8,500,001- HKD9,000,000	港幣8,500,001至9,000,000元	1	-

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

26. FINANCE INCOME AND FINANCE COSTS**26. 財務收入及融資成本**

		Year ended 31 March 截至三月三十一日止年度	
		2016 二零一六年	2015 二零一五年
Finance income:	財務收入		
– Interest income on bank deposits	利息收入 – 銀行存款	85,973	83,095
Finance costs:	融資成本		
– Interest expense on bank borrowings and others	利息費用 – 銀行貸款及其他	(12,558)	(13,988)
Finance income – net	財務收入 – 淨額	73,415	69,107

27. INCOME TAX EXPENSE**27. 所得稅**

The amount of taxation charged to the consolidated income statements represents:

計入綜合收益表之稅項金額列示如下：

		Year ended 31 March 截至三月三十一日止年度	
		2016 二零一六年	2015 二零一五年
Current income tax	即期稅項		
– Hong Kong profits tax	– 香港所得稅	10,737	13,408
– PRC corporate income tax	– 中國企業所得稅	375,870	400,000
– Germany company income tax	– 德國企業所得稅	142	139
– Botswana company income tax	– 博茨瓦納企業所得稅	1,197	1,023
Deferred income tax	遞延所得稅	(22,566)	(23,516)
		365,380	391,054

(a) Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the year.

(a) 香港所得稅按本年度估計應課稅盈利以稅率16.5% (二零一五年：16.5%) 撥備。

(b) PRC corporate income tax has been calculated on the estimated assessable profit for the year at the tax rates applicable to respective companies of the Group.

(b) 中國企業所得稅撥備按本集團在中國大陸企業於本年度的盈利以其適用的稅率而定。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

27. INCOME TAX EXPENSE (CONTINUED)

- (c) The income tax rates enacted or substantively enacted to the major subsidiaries of the Group incorporated in the PRC are derived from various tax policies as follows:
- (i) The Corporate Income Tax Law of the PRC stipulates the applicable income tax rate at 25% for domestic enterprises in the PRC.
 - (ii) Encouraged enterprises of western regions can continue to enjoy tax rate of 15% until 2022.
 - (iii) The Corporate Income Tax Law also stipulated that the Corporate Income Tax shall be levied at the reduced rate of 15% for High/New Tech Enterprises that are specifically supported by the State.
- (d) The Germany company income tax has been provided at the rate of 15% (2015: 15%) on the estimated assessable profit for the year.
- (e) The Botswana company income tax has been provided at the rate of 15% (2015: 15%) on the estimated assessable profit for the year.
- (f) The subsidiary in U.S. is a limited partnership and does not chargeable to income tax at partnership level. The corporate owners of the partnership pay tax on its share of the partnership's taxable income at the rate of 35% for the year.
- (g) No provision for income tax in other jurisdictions has been made as the Group had no assessable profit in other jurisdictions during the year.

(除另有指明者外，所有金額均以港幣千元列示)

27. 所得稅 (續)

- (c) 本集團於中國大陸註冊之主要企業的所得稅適用稅率來自不同的政策如下：
- (i) 企業所得稅法規定中國國內企業的適用所得稅稅率為25%。
 - (ii) 於西部區域受鼓勵的企業可繼續享有15%的稅率直至2022年。
 - (iii) 企業所得稅法規定企業所得稅將對於受國家支持的高新技術企業適用15%的稅率。
- (d) 德國企業所得稅按本年度估計應課稅盈利以稅率15% (二零一五年：15%) 撥備。
- (e) 博茨瓦納企業所得稅按本年度估計應課稅盈利以稅率15% (二零一五年：15%) 撥備。
- (f) 位於美國之附屬公司為有限合夥制並無須就其盈利課稅。企業之持有者須按其佔企業本年應課稅盈利之份額繳交35%所得稅。
- (g) 本集團於有關年度在其他司法權區並無取得應課所得稅收入，故無為其他司法權區的所得稅作出撥備。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

27. INCOME TAX EXPENSE (CONTINUED)**27. 所得稅 (續)**

(h) The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the standard tax rates before tax holiday applicable to the respective companies of the Group as follows:

(h) 本集團就除所得稅前盈利的稅項，與本集團旗下相關公司所在地在免稅期前適用稅率釐定的理論稅額有所不同，載列如下：

		As at 31 March 於三月三十一日	
		2016 二零一六年	2015 二零一五年
Profit before income tax	除稅前盈利	1,832,915	2,386,247
Add: Share of (profit)/loss of associates and a jointly controlled entity	加：應佔聯營公司及共同控制實體(盈利)/虧損	(11,397)	3,005
		1,821,518	2,389,252
Tax calculated at statutory tax rate	按適用稅率計算的稅項	459,401	615,880
Tax incentives	稅收優惠影響	(209,084)	(300,826)
Super deduction for research and development expenditure	研發費用加計扣除的影響	(11,889)	(10,947)
Utilization of previously unrecognised tax losses	動用之前未確認的稅務虧損	(540)	(5,767)
Expenses not deductible for tax purposes	不可扣稅開支之稅務影響	4,571	37,388
Income not subject to tax	無須課稅收入的影響	(19,690)	-
Withholding tax on the earnings from subsidiaries	附屬公司匯出的股息所產生之預提所得稅	98,334	30,709
Tax losses for which no deferred income tax assets were recognised	並無確認遞延所得稅資產的稅務虧損	44,277	24,617
Income tax expense	所得稅	365,380	391,054

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

27. INCOME TAX EXPENSE (CONTINUED)

As the Directors are not certain whether future taxable profit would be available in certain subsidiaries, the Group did not recognise deferred income tax assets of HKD90,541,000 (2015: HKD50,817,000) in respect of tax losses of such dormant subsidiaries amounting to HKD446,401,000 (2015: HKD234,672,000). The tax loss will expire in the following years:

27. 所得稅 (續)

因為董事無法確定於未來是否有足夠應課稅盈利彌補稅損，本集團並沒有確認若干附屬公司之可抵扣未來虧損港幣446,401,000元(二零一五年：港幣234,672,000元)的遞延所得稅資產約港幣90,541,000元(二零一五年：港幣50,817,000元)。可抵扣虧損將於下列年度到期：

		As at 31 March 於三月三十一日	
		2016 二零一六年	2015 二零一五年
Expired on 31 March 2016	二零一六年三月三十一日到期	–	741
Expired on 31 March 2017	二零一七年三月三十一日到期	15,505	17,994
Expired on 31 March 2018	二零一八年三月三十一日到期	22,261	22,883
Expired on 31 March 2019	二零一九年三月三十一日到期	24,910	25,591
Expired on 31 March 2020	二零二零年三月三十一日到期	51,585	56,451
Expired on 31 March 2021	二零二一年三月三十一日到期	122,642	–
No expiry date	沒有到期日	209,498	111,012
		446,401	234,672

28. EARNINGS PER SHARE**(a) Basic**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

28. 每股盈利**(a) 基本**

每股基本盈利乃根據本年度本公司權益持有人應佔盈利，除以年內已發行普通股的加權平均數目計算。

		Year ended 31 March 截至三月三十一日止年度	
		2016 二零一六年	2015 二零一五年
Profit attributable to equity holders of the Company	本公司股權持有人應佔盈利	1,450,250	1,986,584
Weighted average number of ordinary shares in issue ('000)	已發行之普通股之加權平均數(千計)	3,106,435	3,103,145
Basic earnings per share (HK cents per share)	每股基本盈利(每股港仙)	46.69	64.02

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

28. EARNINGS PER SHARE (CONTINUED)**28. 每股盈利 (續)****(b) Diluted**

Diluted earnings per share is calculated based on the weighted average number of ordinary shares outstanding, assuming that all dilutive potential ordinary shares have been issued. For the year ended 31 March 2016, the share options and awarded shares granted by the Company have potential dilutive effect on the earnings per share.

The weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised and awarded shares were granted. The number of shares that could have been issued upon the exercise of all dilutive share options and awarded share less the number of shares that could have been issued at fair value (determined as the Company's average share price for the year) for the same total proceeds is added to the denominator. No adjustment is made to the net profit.

(b) 攤薄

每股攤薄盈利假設所有可攤薄的潛在普通股被轉換後，根據已發行普通股的加權平均股數計算。在截至二零一六年三月三十一日止年度，本公司授出之購股權及獎勵性股份對每股基本盈利有攤薄效應。

假定所有具有攤薄效應的購股權均已被行使及獎勵性股份均已授出而對已發行股份的加權平均數進行調整。以假定所有已發行的具有攤薄效應的購股權及獎勵性股份行使時的股份數目，減去在行使該等購股權所取得的收益而計算股份的公允價值（釐定為本公司股份於年內的平均市價）可發行的股份數目，所得的差額加入於計算的分母。淨盈利無需調整。

		Year ended 31 March 截至三月三十一日止年度	
		2016 二零一六年	2015 二零一五年
Profit attributable to equity holders of the Company	本公司權益持有人應佔盈利	1,450,250	1,986,584
Weighted average number of ordinary shares used to calculate basic earnings per share ('000)	用以確定每股基本盈利的普通股的加權平均數 (千計)	3,106,435	3,103,145
Adjustments for:	調整：		
– exercise of share options ('000)	– 行使購股權 (千計)	1,628	4,170
– grant of awarded shares ('000)	– 授出獎勵性股份 (千計)	345	–
Weighted average number of ordinary shares for diluted earnings per share ('000)	每股攤薄盈利的普通股的加權平均數 (千計)	3,108,408	3,107,315
Diluted earnings per share (HK cents per share)	每股攤薄盈利 (每股港仙)	46.66	63.93

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

29. DIVIDENDS

29. 股息

		Year ended 31 March 截至三月三十一日止年度	
		2016 二零一六年	2015 二零一五年
Interim dividend: nil (2015: HK9.52 cents) per share	每股中期股息：無 (二零一五年：港幣9.52仙)	-	295,531
Proposed final dividend: nil (2015: Nil) per share	擬派每股期末股息：無 (二零一五年：無)	-	-
		-	295,531
Special dividend: nil (2015: HK22.20 cents) per share	每股特別股息：無 (二零一五年：港幣22.20仙)	-	689,158
		-	984,689

No final dividend (2015: nil) is proposed at the meeting of the Board held on 22 June 2016.

於二零一六年六月二十二日舉行的董事局會議不建議派發任何期末股息(二零一五年：無)。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

30. BUSINESS COMBINATIONS

(a) Yancheng Chunzhu

On 21 August 2015, Zhaoqing Perfumery Co., Ltd (Guangdong) (“Guangdong Zhaoqing”), an indirect wholly-owned subsidiary of the Company, entered into an agreement with an independent third party to acquire 30% equity interest in Yancheng Chunzhu, a company incorporated in the PRC, for a cash consideration of RMB84,000,000 (approximately HKD101,890,000). In the meantime, the Group also provided a five-year loan of RMB84,000,000 (approximately HKD102,338,000) to one of the latter's shareholders. There was also a call option attached to the loan which gave the Group a right to acquire an additional 30% equity interest in Yancheng Chunzhu. As the call option can only be exercised from 22 November 2015 onward, the 30% investment in Yancheng Chunzhu was initially accounted for as an associate by the Group until the option became exercisable. When the right to exercise the option became effective from 22 November 2015, Guangdong Zhaoqing has substantive right whereby Yancheng Chunzhu was considered as a non-wholly owned subsidiary of the Group. On 6 December 2015, the Group exercised the right to acquire an additional 30% equity interest. Upon obtaining control over Yancheng Chunzhu, the Group applied the acquisition method to account for the transaction as an acquisition of a subsidiary, remeasured its previously held 30% share in Yancheng Chunzhu to fair value with the resulting loss being recognised in profit or loss and transferred the remeasured carrying amount from investment in an associate to investment in a subsidiary.

The loss of approximately HKD14,182,000 as a result of remeasuring at fair value its 30% equity interest in Yangcheng Chunzhu before the business combination was included in other income in the Group's consolidated income statement for the year ended 31 March 2016. The fair value of the previously held interest in Yancheng Chunzhu was determined by an independent appraisal firm by applying the income approach. Furthermore, the additional 30% equity interest also obtained by transferring the five year loan, which was previously recorded as financial assets at fair value through profit or loss (see Note 9(c) for details), as the consideration. The transfer resulted in a gain from the fair value change of approximately HKD18,733,000 as determined by an independent appraisal firm by applying the income approach. The gain is included in other income in the Group's consolidated income statement for the year ended 31 March 2016.

30. 業務合併

(a) 鹽城春竹

於二零一五年八月，本公司之間接全資附屬公司廣東省肇慶香料有限公司（「廣東肇慶」）與一名獨立第三方（「賣方」）簽署協議，以現金收購代價人民幣84,000,000元（約港幣101,890,000元）收購一家於中國成立的公司，鹽城春竹的30%權益。同時，本集團借予鹽城春竹的大股東人民幣84,000,000元（約港幣102,338,000元）為期五年之貸款。該貸款附有廣東肇慶增購鹽城春竹額外30%的購股權。由於該購股權只可於二零一五年十一月二十二日開始可予以行使，集團將其對鹽城春竹的30%投資作為於聯營公司的投資處理直至該購股權可被行使。自二零一五年十一月二十二日起，由於集團對鹽城春竹額外30%的權益有行使權，集團被視作取得鹽城春竹的控制權。集團於二零一五年十二月六日行使了該購股權並額外收購30%鹽城春竹之股權，於取得鹽城春竹控制權後，集團用收購法作收購附屬公司的入賬方法，重新計量之前持有首30%鹽城春竹股權之公允價值，於收益表中確認了虧損並將該重新計量之賬面值由於聯營公司的投資轉移至於附屬公司之投資。

於業務合併前因重新計量於鹽城春竹首30%之權益而產生之虧損約港幣14,182,000元於集團二零一六年三月三十一止年度之綜合收益表中確認為其他收益。於鹽城春竹首30%之權益之公允價值仍由獨立評估公司以收益法估計的。此外，集團透過將之前被確認為以公允價值計量且其變動計入損益的金融資產的五年期應收貸款轉移作取得鹽城春竹額外30%權益之作價（詳情可參看附註9(c)）。經獨立評估公司以收益法估計，該轉移令集團產生收益約港幣18,733,000元，該收益於集團二零一六年三月三十一止年度之綜合收益表中確認為其他收益。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

30. BUSINESS COMBINATIONS (CONTINUED)

30. 業務合併(續)

(a) Yancheng Chunzhu (Continued)

Yancheng Chunzhu is principally engaged in the production and sales of aromatic raw materials. As a result of the acquisition, the Group is expected to increase its presence in these markets. It also expects to reduce costs through economies of scale. The goodwill of HKD79,651,000 arising from the acquisition is attributable to the workforce and economies of scale expected from combining the operations of the Group and Yancheng Chunzhu. None of the goodwill recognised is expected to be deductible for income tax purposes.

(a) 鹽城春竹(續)

鹽城春竹主要從事香原料之生產及銷售。在作出是項收購後，本集團預期可加強其在此等市場的地位。這亦預期可透過擴大銷售渠道及客戶群以創造協同增效作用。收購產生的商譽港幣79,651,000元來自所購入的人力資源，以及本集團與鹽城春竹整合經營後預期產生的經濟效益。確認的商譽預期不可扣除所得稅。

Details of net assets acquired and goodwill are as follows:

收購產生之淨資產及商譽詳情如下：

Consideration	對價：	合計
– Financial assets at fair value through profit or loss	– 以公允價值計量且其變動計入損益的金融資產(附註9(c))	118,896
– Fair value of previously held interests in Yancheng Chunzhu	– 以前持有鹽城春竹的股權之公允價值	87,725
Total purchase consideration	總轉讓對價	206,621
Less: fair value of identifiable net assets acquired – shown below	減：收購可辨認淨資產之公允價值 – 詳列下文	(126,970)
Goodwill (Note 8)	商譽(附註8)	79,651

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

30. BUSINESS COMBINATIONS (CONTINUED)

30. 業務合併 (續)

(a) Yancheng Chunzhu (Continued)

The fair value of assets and liabilities as at the respective acquisition dates arising from the acquisitions are as follows:

Net assets acquired	收購之資產淨值	
Property, plant and equipment	物業、機器及設備	35,145
Land use right	土地使用權	5,690
Intangible assets	無形資產	145,026
Inventories	存貨	1,573
Trade and other receivable	貿易及其他應收款項	73,568
Cash and cash equivalents	現金及現金等價物	21,760
Trade and other payables	貿易及其他應付款項	(17,472)
Tax payables	應付稅款	(2,001)
Short-term loan	短期貸款	(29,155)
Deferred tax liabilities (Note 12)	遞延所得稅負債 (附註12)	(22,517)
<hr/>		
Total identifiable net assets	收購之資產淨值	211,617
Less: non-controlling interest	減：非控制性權益	(84,647)
<hr/>		
Fair value of identifiable net assets acquired	收購之資產公允價值	126,970
<hr/>		
Outflow of cash to acquire business, net of cash acquired	收購業務之現金流出 (扣除收購之淨現金)	
Consideration – cash paid (out of total consideration of HKD206,621)	以現金支付收購代價	204,228
Cash and cash equivalents in subsidiaries acquired	收購附屬公司內的現金及 現金等價物	(21,760)
<hr/>		
Net cash outflow on acquisition	收購的淨現金流出	182,468

Non-controlling interests in Yancheng Chunzhu are measured at the present ownership interests' proportionate share in the recognised amounts of Yancheng Chunzhu's identifiable net assets.

鹽城春竹的非控制權益乃按其擁有人的現有股權比例根據鹽城春竹之可供辨識淨資產計算。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

30. BUSINESS COMBINATIONS (CONTINUED)

(a) Yancheng Chunzhu (Continued)

The acquired business contributed revenue of HKD70,267,000 and net profit after tax of HKD9,860,000 to the Group for the period from date of acquisition to 31 March 2016. If the acquisition had occurred on 1 April 2015, consolidated revenue and consolidated net profit after tax would have been increased by approximately HKD191,848,000 and HKD24,182,000, respectively.

(b) VMR and its subsidiaries

On 9 December 2015, High Praise Enterprises Limited ("High Praise Enterprises"), an indirect wholly-owned subsidiary of the Company and VMR entered into the Subscription Agreement pursuant to which High Praise Enterprises agreed to subscribe for an effective interest of 51% of the issued share capital of VMR for a consideration of USD22.95 million (equivalent to approximately HKD177,884,000).

VMR is a company engaged in the design, manufacturing and distribution of electronic cigarettes which owns a number of technology and design patents. The Management believes that electronic cigarette is an emerging area in cigarette industry with promising growth prospects in the PRC. It is expected that the market position of the Group in this industry will be strengthened through merger and acquisition. VMR had become a non-wholly owned subsidiary of our Group on 18 December 2015. The goodwill of HKD54,148,000 arising from the acquisition is attributable to the workforce and the synergy expected from combining the operations of the Group and VMR. None of the goodwill recognised is expected to be deductible for income tax purposes.

(除另有指明者外，所有金額均以港幣千元列示)

30. 業務合併 (續)

(a) 鹽城春竹 (續)

該業務自收購日至二零一六年三月三十一日止，為本集團帶來約港幣70,267,000元的銷售收入及為本集團帶來約港幣9,860,000元的除稅後盈利。如該收購於二零一五年四月一日發生，本集團之綜合銷售收入將增加約港幣191,848,000元及綜合稅後盈利將增加約港幣24,182,000元。

(b) VMR及其子公司

於二零一五年十二月九日，本公司間接持有的全資附屬公司高嘉企業與VMR訂立認購協議，據此，高嘉企業同意以美元22,950,000 (約港幣177,884,000元) 代價認購VMR已發行股本的51%實際權益。

VMR主要在美國從事設計、製造及分銷電子煙，並擁有若干項技術及設計專利。管理層認為電子煙為捲煙行業的一個新興領域，在中國有良好前景。通過收購，本集團預期可加強其在此等市場之主導地位。VMR已於2015年12月18日成為本集團的非全資附屬公司。收購產生的商譽港幣54,148,000元來自購入的人力資源以及整合經營後預期產生的經營效益。確認的商譽預期不可扣除所得稅。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

30. BUSINESS COMBINATIONS (CONTINUED)**30. 業務合併 (續)****(b) VMR and its subsidiaries (Continued)****(b) VMR及其子公司 (續)**

Details of net assets acquired and goodwill are as follows:

收購產生之淨資產及商譽詳情如下：

Consideration – cash paid	收購代價 – 現金支付	177,884
Less: fair value of identifiable net assets acquired – shown below	收購可辨認淨資產之公允價值 – 詳列下文	(123,736)
Goodwill (Note 8)	商譽 (附註8)	54,148

The fair value of assets and liabilities as at the respective acquisition dates arising from the acquisitions are as follows:

於收購日，因收購而產生之資產及負債的公允價值如下：

Net assets acquired	收購之資產淨值	
Property, plant and equipment	機器及設備	7,924
Intangible assets	無形資產	258,147
Inventories	存貨	29,783
Trade and other receivable	貿易及其他應收款項	23,820
Cash and cash equivalents	現金及現金等價物	65,855
Trade and other payables	貿易及其他應付款項	(142,910)
Total identifiable net assets	收購之資產淨值	242,619
Less: non-controlling interest	減：非控制性權益	(118,883)
Fair value of identifiable net assets acquired	收購之資產公允價值	123,736
Outflow of cash to acquire business, net of cash acquired	收購業務之現金流出 (扣除收購之淨現金)	
Consideration – cash paid	以現金支付收購代價	177,884
Cash and cash equivalents in subsidiaries acquired	收購附屬公司內的現金及現金等價物	(65,855)
Net cash outflow on acquisition	收購的淨現金流出	112,029

Acquisition-related costs of HKD3,930,000 have been charged to administrative expenses in the consolidated income statement for the year ended 31 March 2016.

收購相關成本港幣3,930,000已於截至二零一六年三月三十一日止年度的綜合收益表內行政開支中扣除。

Non-controlling interests in VMR are measured at the present ownership interests' proportionate share in the recognised amounts of VMR's identifiable net assets.

VMR的非控制權益乃按其擁有人的現有股權比例根據VMR之可供辨認淨資產計算。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

30. BUSINESS COMBINATIONS (CONTINUED)

30. 業務合併 (續)

(b) VMR and its subsidiaries (Continued)

The acquired business contributed revenue of HKD85,789,000 and net loss after tax of HKD19,782,000 to the Group for the period from date of acquisition to 31 March 2016. If the acquisition had occurred on 1 April 2015, consolidated revenue and consolidated net loss after tax would have been increased by approximately HKD297,788,000 and HKD112,763,000, respectively.

(b) VMR及其子公司 (續)

該業務自收購日至二零一六年三月三十一日止，為本集團帶來銷售收入約85,789,000港元及為本集團帶來約港幣19,782,000元的除稅後虧損。如該收購於二零一五年四月一日發生，本集團之綜合銷售收入增加約297,788,000及綜合稅後盈利將減少約港幣112,763,000元。

31. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

31. 附屬公司所有者權益的變動 (不改變控制權)

(a) Acquisition of additional equity interest in Yancheng Chunzhu:

After the acquisition of 60% equity interest in Yancheng Chunzhu as mentioned in Note 30(a), the Group acquired additional 23.59% equity interest in Yancheng Chunzhu from the non-controlling interests in Yancheng Chunzhu by a share swap with 16.41% equity interest in the subsidiary Guangdong Zhaoqing. After completion of the transaction, the Group's shareholding in Yancheng Chunzhu increased from 60% to 83.59%. As the acquisition of the additional 23.59% equity interest in Yancheng Chunzhu was not a linked transaction with the exercise of option on acquiring additional 30% equity interest, it was accounted for separately. The effect of change in the ownership interest in Yancheng Chunzhu on the equity attributable to owners of the Company during the year is summarised as follows:

(a) 收購鹽城春竹額外權益

如附註30(a)所提及，集團於完成收購鹽城春竹60%股權後，通過股權轉換形式，以16.41%廣東肇慶之股權換取23.59%鹽城春竹之股權，該收購完成後，本集團持有鹽城春竹之股權由原來的60%增加至83.59%。購買鹽城春竹額外23.59%股權與行使購股權來增購額外30%股權分開入賬，因為它們不是相連交易。年內就鹽城春竹所有者權益的變動對本公司權益持有人應佔權益的影響摘要如下：

		Amount 金額
Net assets attributable to non-controlling interest acquired	歸屬非控制性權益的淨資產值	50,192
Net assets attributable to non-controlling interest given as consideration	支付予非控制性權益的對價	(10,428)
Excess of net assets attributable to non-controlling interest acquired over non-controlling interest given as consideration, recognised in equity	支付對價低於非控制性權益之淨資產值於權益中確認	39,764

The Group recognised a decrease in non-controlling interests of HKD39,764,000 and an increase in equity attributable to owners of the Company of HKD39,764,000.

本集團確認非控制性權益減少港幣39,764,000元和本公司權益持有人應佔權益增加港幣39,764,000元。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

31. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL (CONTINUED)

31. 附屬公司所有者權益的變動(不改變控制權)(續)

(b) Repurchase of shares in VMR from non-controlling interests:

After the acquisition of 51% equity interest in VMR as mentioned in Note 30(b), VMR repurchased 0.96% of its shares from one of its shareholders. After completion of the share repurchase, the Group's shareholding in VMR increased from 51% to 51.50%. The effect of change in the ownership interest in VMR on the equity attributable to owners of the Company during the year is summarised as follows:

(b) 向小數股東回購VMR的股份

集團於完成收購VMR51%股權後(附註30(b))，VMR向一股東回購其持有的0.96%之股份。完成回購後，集團持有VMR之股權由51%增加至51.50%。年內就VMR所有者權益的變動對本公司權益持有人應佔權益的影響摘要如下：

		Amount 金額
Net assets attributable to non-controlling interest acquired	歸屬非控制性權益的淨資產值	7,143
Consideration paid to non-controlling interest	支付予非控制性權益的對價	(12,213)
Consideration paid in excess of non-controlling interest acquired recognised in equity	支付對價高於非控制性權益之淨資產值於權益中確認	(5,070)

The Group recognised a decrease in non-controlling interests of HKD7,143,000 and an decrease in equity attributable to owners of the Company of HKD5,070,000.

本集團確認非控制性權益減少港幣7,143,000元和本公司權益持有人應佔權益減少港幣5,070,000元。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

32. CASH GENERATED FROM OPERATIONS

32. 經營活動產生的現金

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2016 二零一六年	2015 二零一五年
Profit before income tax	除稅前盈利		1,832,915	2,386,247
Adjustments for:	調整：			
– Depreciation	– 折舊	6	159,852	151,144
– Provision for impairment on property, plant and equipment	– 固定資產減值撥備	6	15,058	–
– Amortisation	– 攤銷	7,8	60,976	45,190
– Interest expense	– 利息費用	26	12,558	13,988
– Interest income	– 利息收入	26	(85,973)	(83,095)
– Share-based payment	– 股份為基礎的支付		2,392	–
– Share of (profit)/loss of associates and a jointly controlled entity	– 應佔聯營公司及共同控制實體之虧損	9,10	(11,397)	3,005
– Provision for/(reversal of) impairment on trade receivables	– 貿易應收款項減值撥備／(轉回)	14,24	7,910	(507)
– Loss on disposal of property, plant and equipment	– 出售物業、機器及設備虧損		1,929	1,145
– Gain on disposal of an associate	– 出售聯營公司之收益	23	–	(3,487)
– Gain on disposal of a subsidiary	– 出售附屬公司之收益	23	–	(2,180)
– Gain on disposal of available-for-sale assets	– 出售可供出售金融資產之收益	23	(3,296)	–
– Investment income of available-for-sale assets	– 可供出售金融資產之投資收入		(152)	–
– Loss on disposal of financial assets at fair value through profit or loss	– 出售以公允價值計量且其變動計入損益的金融資產之虧損	23	9,058	–
– Changes in fair value of financial assets at fair value through profit or loss	– 以公允價值計量且其變動計入損益的金融資產之公允價值變動	30(a), 23	(18,733)	(28,658)
– Change in fair value of previously held interests in an associate upon acquisition as a subsidiary	– 以前於聯營公司持有之權益於成為附屬公司時的公允價值變動	23	14,182	–
– Foreign exchange loss – net	– 匯兌虧損 – 淨額	23	40,595	5,549
Changes in working capital:	營運資金變動：			
– Inventories	– 存貨		(59,545)	40,293
– Trade and other receivables	– 貿易及其他應收款項		(241,618)	165,671
– Trade and other payables	– 貿易及其他應付款項		99,262	(111,841)
Net cash generated from operations	經營業務所得現金淨額		1,835,973	2,582,464

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

32. CASH GENERATED FROM OPERATIONS (CONTINUED)

In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment comprise:

32. 經營活動產生的現金 (續)

於綜合現金流量表內，出售物業、機器及設備之所得款包括：

		Year ended 31 March 截至三月三十一日止年度		
		Note 附註	2016 二零一六年	2015 二零一五年
Net book amount	賬面淨值	6	2,916	1,471
Loss on disposal of property, plant and equipment	出售物業、機器及設備虧損		(1,929)	(1,145)
Currency translation differences	貨幣換算差額		(685)	49
Proceeds from disposal of property, plant and equipment	出售物業、機器及設備的所得款		302	375

As mentioned in Note 31(a), the acquisition of additional equity interest in Yancheng Chunzhu was a non-cash transaction.

如附註31(a)所提及，收購鹽城春竹之額外權益為非現金交易。

33. COMMITMENTS

(a) Capital commitments

Capital expenditure authorised but not contracted for, and contracted for but not yet incurred at the end of the year are as follows:

33. 承擔

(a) 資本承擔

於結算日已批准但未簽約及已簽約但仍未發生的資本開支如下：

		As at 31 March 於三月三十一日	
		2016 二零一六年	2015 二零一五年
Authorised but not contracted for property, plant and equipment	已批准但未簽約：物業、機器及設備	11,031	11,604
Contracted for but not provided for:	已簽約但未撥備：		
– Property, plant and equipment	物業、機器及設備	36,594	80,655
– Available-for-sale financial assets	可供出售金融資產	130,120	193,520
		177,745	285,779

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

33. COMMITMENTS (CONTINUED)

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases at the closing date are as follows:

		As at 31 March 於三月三十一日	
		2016 二零一六年	2015 二零一五年
Land and buildings:	土地及樓宇：		
Not later than 1 year	不超過1年	30,946	25,394
Later than 1 year and not later than 5 years	超過1年但不超過5年	56,805	57,792
Later than 5 years	超過5年	10,474	12,360
		98,225	95,546

33. 承擔 (續)

(b) 營運租賃承擔

於結算日根據不可撤銷營運租賃，未來最低租賃付款總額如下：

34. RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name
名稱

Huangguoshu Golden Leaf
黃果樹金葉

34. 關聯人士交易

(a) 關聯人士名稱與關係

Relationship
關係

An associate indirectly held by the Company
本公司間接持有的聯營公司

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

34. RELATED PARTY TRANSACTIONS (CONTINUED)**34. 關聯人士交易 (續)****(b) Key management compensation**

Key management includes directors (executive, non-executive and independent non-executive) and senior management. The amounts of compensation paid and payable to directors is disclosed in Note 37(a). The amounts of compensation paid and payable to senior management for employee services is shown below:

(b) 主要管理人員酬金

主要管理人員包括董事(執行董事、非執行董事與獨立非執行董事)和高級管理人員。應付及已付予董事的酬金已在附註37(a)披露。向高級管理人員支付作為僱員服務的已付及應付酬金如下：

		Year ended 31 March 截至三月三十一日止年度	
		2016 二零一六年	2015 二零一五年
Fees, salaries and bonus	工資、薪酬及花紅	22,880	18,217
Employer's contributions to retirement benefit scheme	僱主就退休計劃供款	477	393
		23,357	18,610

The compensation of senior management fell within the following bands:

高級管理人員之酬金在以下範圍：

		Number of employees 僱員人數	
		2016 二零一六年	2015 二零一五年
Below HKD500,000	港幣500,000以下	-	1
HKD500,001 – HKD1,000,000	港幣500,001至1,000,000元	2	3
HKD1,000,001 – HKD1,500,000	港幣1,000,001至1,500,000元	4	1
HKD2,000,001 – HKD2,500,000	港幣2,000,001至2,500,000元	2	1
HKD2,500,001 – HKD3,000,000	港幣2,500,001至3,000,000元	-	1
HKD3,500,001 – HKD4,000,000	港幣3,500,001至4,000,000元	1	-
HKD4,500,001 – HKD5,000,000	港幣4,500,001至5,000,000元	-	2
HKD8,500,001 – HKD9,000,000	港幣8,500,001至9,000,000元	1	-

(c) Balances with related parties**(c) 關聯人士結餘**

		As at 31 March 於三月三十一日	
		2016 二零一六年	2015 二零一五年
Balances due from related parties:	應收關聯人士結餘：		
– Huangguoshu Golden Leaf	– 黃果樹金葉		
– other receivables	– 其他應收款	17	15

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES

35. 主要附屬公司之詳情

Name 公司名稱	Place of incorporation and kind of legal entity 註冊成立地點及 法定主體類別	Nominal value of issued/ registered capital 已發行普通股/ 註冊資本面值	Percentage of equity interest attributable to the Company		Percentage of equity interest attributable to non- controlling interests 非控制性 權益應佔 股本權益	Principal activities and place of operation 主要業務及經營地點
			Direct 直接	Indirect 間接		
Aromascape Development Centre GmbH ^{FC1, AD1}	Germany, Limited liability company 德國，有限責任公司	EUR25,000 歐元25,000	-	100	-	Research and development of flavours & fragrances in Germany 研發香精，德國
F&G (Botswana) (Pty) Limited	Republic of Botswana, Limited liability company 博茨瓦納共和國， 有限責任公司	BWP100 普拉100元	-	100	-	Production and sales of natural extracts in Botswana 生產和銷售天然提取物， 博茨瓦納共和國
Guangdong Golden leaf Technology Development Co., Ltd. 廣東省金葉科技開發 有限公司 ^{SJ1, YX1, ZH2}	PRC*, Limited liability company 中國*，有限責任公司	RMB100,000,000 人民幣100,000,000元	-	100	-	Research & development, manufacture and sale of reconstituted tobacco leaves in the PRC 研發、生產及銷售煙草薄片， 中國
Guangdong Jinke Reconstituted Tobacco Leaves Co., Ltd. 廣東金科再造煙葉 有限公司 ^{XQ1, SJ1, YX1, YX2}	PRC*, Limited liability company 中國*，有限責任公司	RMB40,000,000 人民幣40,000,000元	-	55.375	44.625	Manufacture & sale of reconstituted tobacco leaves in the PRC 生產及銷售煙草薄片，中國
Guangzhou Huabao Food Co., Ltd. 廣州華寶食品有限公司 ^{CH1, CH2, X1}	PRC*, Limited liability company 中國*，有限責任公司	RMB10,000,000 人民幣10,000,000元	-	100	-	Research, development, manufacturing & sales of flavours & fragrances in the PRC 研發、生產及銷售香精，中國
Guizhou Province Huashuo Biological Technology Co., Ltd. 貴州省華燦生物科技 有限公司 ^{YX1, YX2, ZH1}	PRC*, Limited liability company 中國*，有限責任公司	RMB10,000,000 人民幣10,000,000元	-	100	-	Manufacturing & sales of natural extracts in the PRC 生產和銷售天然提取物，中國

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

35. 主要附屬公司之詳情 (續)

Name 公司名稱	Place of incorporation and kind of legal entity 註冊成立地點及法定主體類別	Nominal value of issued/registered capital 已發行普通股／註冊資本面值	Percentage of equity interest attributable to the Company 本公司應佔股本權益		Percentage of equity interest attributable to non-controlling interests 非控制性權益應佔股本權益	Principal activities and place of operation 主要業務及經營地點
			Direct 直接	Indirect 間接		
Hua Fang Tobacco Flavors Ltd. 華芳煙用香料有限公司 ^{C1, FC1}	PRC*, Limited liability company 中國*，有限責任公司	USD4,000,000 美元4,000,000	–	51	49	Manufacturing & sales of tobacco flavours & fragrances in the PRC 生產及銷售煙用香精，中國
Huabao Flavours & Fragrances (HK) Limited 華寶香精香料(香港)有限公司 ^{C1, FC1}	Hong Kong, Limited liability company 香港，有限責任公司	HKD3,000,000 港幣3,000,000元	–	100	–	Research, development, manufacturing & sales of flavours & fragrances in Hong Kong 研發、生產及銷售香精，香港
Huabao Food Flavour & Fragrance (Shanghai) Co., Ltd. 華寶食用香精香料(上海)有限公司 ^{YX1, YX2, FC1, ZH1}	PRC*, Limited liability company 中國*，有限責任公司	USD10,000,000 美元10,000,000	–	100	–	Manufacturing & sales of tobacco flavours & fragrances in the PRC 生產及銷售煙用香精，中國
Huabao Korea Company Limited 華寶韓國株式會社 ^{XQ1, SJ1, SJ2}	Korea, Limited liability company 韓國，有限責任公司	WON16,320,000,000 韓圓16,320,000,000	–	100	–	Manufacture and sale of Filter materials in Korea 研發、生產及銷售香煙濾咀產品，韓國
Huabao Qianqi Leasing (Shenzhen) Co., Ltd. 華寶千祺租賃(深圳)有限公司 ^{X1, XQ1, XQ2}	PRC*, Limited liability company 中國*，有限責任公司	RMB300,000,000 人民幣300,000,000元	–	100	–	Equipment leasing, office stationery leasing, assets management, investment management, investment and leasing consulting in the PRC 機器設備租賃、辦公用品租賃、資產管理、投資管理、投資諮詢和租賃交易諮詢

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

35. 主要附屬公司之詳情(續)

Name 公司名稱	Place of incorporation and kind of legal entity 註冊成立地點及法定主體類別	Nominal value of issued/registered capital 已發行普通股／註冊資本面值	Percentage of equity interest attributable to the Company 本公司應佔股本權益		Percentage of equity interest attributable to non-controlling interests 非控制性權益應佔股本權益	Principal activities and place of operation 主要業務及經營地點
			Direct 直接	Indirect 間接		
Huashun Flavours (Shanghai) Co., Ltd. 華順香料(上海)有限公司 ^{X1,ZH1,ZH2}	PRC*, Limited liability company 中國*, 有限責任公司	USD1,000,000 美元1,000,000	-	100	-	Manufacture and sale of fine chemicals in the PRC 精細化工產品生產及銷售，中國
Owada Flavours Technology (Guangzhou) Co., Ltd., 澳華達香料科技(廣州)有限公司 ^{SJ1,XQ1,XQ2}	PRC*, Limited liability company 中國*, 有限責任公司	HKD60,000,000 港幣60,000,000	-	100	-	Research, development, production and sale of tobacco flavours & fragrances in the PRC 研發、生產、加工及銷售各類合成香料及香精產品，中國
Qingdao Huabao Flavors & Fragrances Co., Ltd. 青島華寶香精香料有限公司 ^{C1,ZH1}	PRC*, Limited liability company 中國*, 有限責任公司	HKD3,673,500 人民幣3,673,500元	-	70	30	Manufacture and sale of flavors & fragrances in the PRC 生產及銷售香精，中國
Qingdao Qingda Product Co., Ltd. 青島青大物產股份有限公司 ^{CH1,CH2,DX1,ZH1}	PRC*, Limited liability company 中國*, 有限責任公司	RMB41,640,000 人民幣41,640,000元	-	100	-	Manufacturing & sales of natural extracts in the PRC 生產及銷售天然提取物，中國
Shanghai Danhua Xianghua Keji Co., Ltd. 上海丹華香化科技有限公司 ^{SJ1}	PRC*, Limited liability company 中國*, 有限責任公司	RMB10,000,000 人民幣10,000,000元	-	72	28	Research, development and sale of flavours & fragrances in the PRC 研發及銷售香精，中國

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

35. 主要附屬公司之詳情 (續)

Name 公司名稱	Place of incorporation and kind of legal entity 註冊成立地點及 法定主體類別	Nominal value of issued/ registered capital 已發行普通股/ 註冊資本面值	Percentage of equity interest attributable to the Company 本公司應佔 股本權益		Percentage of equity interest attributable to non- controlling interests 非控制性 權益應佔 股本權益	Principal activities and place of operation 主要業務及經營地點
			Direct 直接	Indirect 間接		
Shanghai H&K Flavors & Fragrances Co., Ltd. 上海華寶孔雀香精香料 有限公司 ^{CH1, CH2, X1}	PRC*, Limited liability company 中國*，有限責任公司	RMB100,000,000 人民幣100,000,000元	-	100	-	Manufacturing & sales of food flavours & fragrances in the PRC 生產及銷售食品香精，中國
Smart Sino International Limited 華烽國際有限公司 ^{C1, X1}	Hong Kong, Limited liability company 香港，有限責任公司	HKD10,000 港幣10,000元	-	100	-	Investment holding, trading of fine chemicals in Hong Kong 投資控股，精細化工產品 貿易，香港
Standpoint Electronic Technology Development (Shanghai) Co., Ltd. 立場電子科技發展(上海) 有限公司 ^{L1, L2, DX1}	PRC*, Limited liability company 中國*，有限責任公司	HKD10,000,000 港幣10,000,000元	-	100	-	Research, development and sales of electronic products, daily commodities, fragrances and business management services 研發及銷售電子產品、 日用品、香精及企業 管理諮詢
Taicang Wenhua Industrial co., Ltd. 太倉文華實業有限公司 ^{X1, ZH1, ZH2}	PRC*, Limited liability company 中國*，有限責任公司	USD1,200,000 美元1,200,000	-	100	-	Production and sale of tobacco flavours & fragrances in the PRC 生產及銷售香精，中國
Wuxi Huahai Flavors Ltd. 無錫華海香料有限公司 ^{X1, ZH1, ZH2}	PRC*, Limited liability company 中國*，有限責任公司	USD650,000 美元650,000	-	100	-	Production and sale of tobacco flavours & fragrances in the PRC 生產及銷售香精，中國

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

35. 主要附屬公司之詳情(續)

Name 公司名稱	Place of incorporation and kind of legal entity 註冊成立地點及法定主體類別	Nominal value of issued/registered capital 已發行普通股／註冊資本面值	Percentage of equity interest attributable to the Company 本公司應佔股本權益		Percentage of equity interest attributable to non-controlling interests 非控制性權益應佔股本權益	Principal activities and place of operation 主要業務及經營地點
			Direct 直接	Indirect 間接		
Wuxi Huaxin Flavors & Fragrances Co., Ltd. 無錫華馨香精香料有限公司 ^{X1,ZH1,ZH2}	PRC*, Limited liability company 中國*, 有限責任公司	USD1,000,000 美元1,000,000	-	100	-	Production and sale of tobacco flavours & fragrances in the PRC 生產及銷售煙用香精，中國
Wuxi Jiahua Flavour & Fragrance Co., Ltd. 無錫嘉華香精香料有限公司 ^{X1,ZH1,ZH2}	PRC*, Limited liability company 中國*, 有限責任公司	RMB60,000,000 人民幣60,000,000元	-	100	-	Production and sale of tobacco flavours & fragrances in the PRC 生產及銷售煙用香精，中國
Xiamen Amber Daily Chemical Technology Co., Ltd. 廈門琥珀日化科技股份有限公司 ^{CH1,CH2,XQ1}	PRC*, Limited liability company 中國*, 有限責任公司	RMB30,000,000 人民幣30,000,000元	-	51	49	Research, development, distribution and retail of fragrances in the PRC 研發、生產、批發及零售日用化工產品，中國
Xinjiang Huabao Natural Biological Technology Co., Ltd. 新疆華寶天然生物科技股份有限公司 ^{CH1,DX1}	PRC*, Limited liability company 中國*, 股份有限公司	RMB15,000,000 人民幣15,000,000元	-	74.29	25.71	Production and sale of food flavours and fragrances in the PRC 生產及銷售食用香精，中國
Yancheng City Chunzhu Aroma Co., Ltd. 鹽城市春竹香料有限公司 ^{X1,CH1}	PRC*, Limited liability company 中國*, 有限責任公司	RMB6,000,000 人民幣6,000,000元	-	83.59	16.41	Production and sales of aromatic raw materials in the PRC 生產及銷售香原料，中國
Yingtian Huabao Flavours & Fragrances Co., Ltd. 鷹潭華寶香精香料有限公司 ^{FC1,FC2,ZH1}	PRC*, Limited liability company 中國*, 有限責任公司	RMB100,000,000 人民幣100,000,000元	-	100	-	Production and sale of tobacco flavours & fragrances in the PRC 生產及銷售香精，中國

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

35. 主要附屬公司之詳情 (續)

Name 公司名稱	Place of incorporation and kind of legal entity 註冊成立地點及法定主體類別	Nominal value of issued/registered capital 已發行普通股／註冊資本面值	Percentage of equity interest attributable to the Company 本公司應佔股本權益		Percentage of equity interest attributable to non-controlling interests 非控制性權益應佔股本權益	Principal activities and place of operation 主要業務及經營地點
			Direct 直接	Indirect 間接		
Yongzhou Shan Xiang Flavour Co., Ltd. 永州山香香料有限公司 ^{CH1, CH2}	PRC*, Limited liability company 中國*·有限責任公司	RMB35,000,000 人民幣35,000,000元	–	79.14	20.86	Production and sale of flavours & fragrances in the PRC 生產及銷售香料·中國
Yunnan Tianhong Flavor & Fragrance Co., Ltd. 雲南天宏香精香料有限公司 ^{C1, S11, S12}	PRC*, Limited liability company 中國*·有限責任公司	USD2,550,000 美元2,550,000	–	60	40	Production and sale of tobacco flavours & fragrances in the PRC 生產及銷售煙用香精·中國
VMR Products, LLC ^{L1, DX1}	USA, Limited partnership 美國*·有限責任合夥企業	–	–	51.50	48.50	Design, manufacturing and sale of electronic cigarettes in USA 設計、製造及分銷電子煙
Zhaoqing Perfumery Co., Ltd. (Guangdong) 廣東省肇興香料廠有限公司 ^{ZH1}	PRC*, Limited liability company 中國*有限責任公司	RMB11,000,000 人民幣11,000,000元	–	83.59	16.41	Manufacturing & sales of food flavours & fragrances in the PRC 生產及銷售食用香精·中國

As at 31 March 2016 and 2015, there was no non-controlling interests material to the Group,

於二零一六年及二零一五年三月三十一日，集團沒有重大非控制性權益。

* All entities incorporated in PRC are identified as "limited liability company".

* 所有於中國註冊成立的公司皆為有限責任公司

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

36. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

36. 本公司的財務狀況表及儲備變動

Statement of financial position of the Company

本公司的財務狀況表

		As at 31 March	
		於三月三十一日	
		Note	2015
		附註	二零一五年
		2016	二零一六年
ASSETS	資產		
Non-current assets	非流動資產		
Investments in subsidiaries	於附屬公司之投資	1,245,085	1,245,085
Current assets	流動資產		
Trade and other receivables	貿易及其他應收款項	1,134,002	498
Amounts due from subsidiaries	應收附屬公司款項	1,695,577	1,804,735
Cash and cash equivalents	現金及現金等價物	224,460	15,705
		3,054,039	1,820,938
Total assets	總資產	4,299,124	3,066,023
EQUITY	權益		
Capital and reserves attributable to the Company's equity holders	本公司權益持有人應佔股本及儲備		
Share capital	股本	310,666	310,432
Reserves	儲備	804,508	792,485
Retained earnings	保留盈利	2,792,250	1,015,756
Total equity	總權益	3,907,424	2,118,673
LIABILITIES	負債		
Current liabilities	流動負債		
Borrowings	貸款	–	735,128
Amounts due to subsidiaries	應付附屬公司款項	390,440	209,192
Trade and other payables	貿易及其他應付款項	1,260	3,030
		391,700	947,350
Total liabilities	總負債	391,700	947,350
Total equity and liabilities	總權益及負債	4,299,124	3,066,023

The balance sheet of the Company was approved by the Board of Directors on 22 June 2016 and was signed on its behalf

本公司之資產負債表已於二零一六年六月二十二日由董事局批准並簽署。

Ms. CHU Lam Yiu
朱林瑤女士
Chairwoman
主席

Mr. XIA Li Qun
夏利群先生
Director
董事

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

36. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

36. 本公司的財務狀況表及儲備變動(續)

Note (a)	Reserve movement of the Company	附註(a) 公司儲備變動					Total
		Contributed surplus	Share premium	Capital reserve	Capital redemption reserve	Share-based compensation reserve	
		實繳盈餘	股份溢價	資本儲備	資本贖回儲備	以股份為基礎的酬金儲備	總計
At 1 April 2014	於二零一四年四月一日	288,191	445,977	1,677	5,853	41,817	783,515
Employee share option scheme	僱員購股權計劃						
– Issue of shares upon exercise of share options	– 行使購股而發行的新股	–	10,181	–	–	(1,211)	8,970
At 31 March 2015	於二零一五年三月三十一日	288,191	456,158	1,677	5,853	40,606	792,485
At 1 April 2015	於二零一五年四月一日	288,191	456,158	1,677	5,853	40,606	792,485
Share-based payment	股份為基礎的支付	–	–	–	–	2,392	2,392
Employee share option scheme	僱員購股權計劃						
– Issue of shares upon exercise of share options	– 行使購股權而發行的新股	–	12,093	–	–	(2,462)	9,631
At 31 March 2016	於二零一六年三月三十一日	288,191	468,251	1,677	5,853	40,536	804,508

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

37. BENEFITS AND INTERESTS OF DIRECTORS

37. 董事的利益和權益

(a) Directors' and chief executive's emoluments

(a) 董事及行政總裁酬金

The remuneration of each director and chief executive of the Company for the year ended 31 March 2016 and 2015 are set out below:

各董事及行政總裁於截至二零一六年及二零一五年三月三十一日止年度之酬金如下：

Name of directors	Note	2016 二零一六年				Total	2015 二零一五年				Total
		Fees	Salaries	Bonus	Employer's contribution to pension scheme		Fees	Salaries	Bonus	Employer's contribution to pension scheme	
董事姓名	附註	袍金	薪金	花紅	僱主就退休計劃供款	總計	袍金	薪金	花紅	僱主就退休計劃供款	總計
Executive directors: 執行董事：											
Ms. Chu Lam Yiu	朱林瑤女士 (a)	10,290	-	-	-	10,290	10,290	-	4,000	-	14,290
Mr. Poon Chiu Kwok	潘昭國先生	-	2,628	-	390	3,018	-	2,449	-	216	2,665
Mr. Wang Guang Yu	王光雨先生 (b)	845	362	-	55	1,262	1,335	556	-	79	1,970
Mr. Xia Li Qun	夏利群先生	-	6,000	4,000	18	10,018	-	4,600	-	18	4,618
Mr. Lam Ka Yu	林嘉宇先生 (c)	448	-	-	-	448	-	-	-	-	-
Non-executive directors: 非執行董事：											
Mr. Lam Ka Yu	林嘉宇先生 (c)	-	-	-	-	-	240	-	-	-	240
Independent non-executive directors: 獨立非執行董事：											
Dr. Ding Ningning	丁寧寧博士	240	-	-	-	240	240	-	-	-	240
Mr. Lee Luk Shiu	李祿兆先生	240	-	-	-	240	240	-	-	-	240
Ms. Ma Yun Yan	麻雲燕女士	240	-	-	-	240	240	-	-	-	240
Mr. Wu Chi Keung	胡志強先生	240	-	-	-	240	240	-	-	-	240
		12,543	8,990	4,000	463	25,996	12,825	7,605	4,000	313	24,743

(a) Ms. Chu Lam Yiu is also the chief executive officer of the Company.

(a) 朱林瑤女士兼任本集團的首席執行官。

(b) Ceased to act on 18 November 2015.

(b) 於二零一五年十一月十八日離任。

(c) Re-designated as Executive Director on 4 March 2016.

(c) 於二零一六年三月四日調任為執行董事。

No directors waived any emoluments during the years ended 31 March 2016 and 2015.

截至二零一六年及二零一五年三月三十一日止年度，無董事放棄任何酬金。

During the years ended 31 March 2016 and 2015, no emoluments had been paid by the Group to the directors as an inducement to join or upon joining the Group or as a compensation for loss of office.

截至二零一六年及二零一五年三月三十一日止年度，本集團亦無向董事支付酬金作為加入本集團的獎勵或作為離職補償。

Notes to the Consolidated Financial Statements

綜合財務報表附註

(All amounts in HK dollar thousands unless otherwise stated)

(除另有說明者外，所有金額以港幣千元列示)

37. BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

37. 董事的利益和權益 (續)

(b) Directors' retirement benefit

During the year ended 31 March 2016 and 2015, no retirement benefits paid to the directors of the Company by a defined benefit pension plan operated by the Group in respect of the director's services as a director of the Company and its subsidiaries or other services in connection with the management of the affairs of the Company or its subsidiary undertaking.

(b) 董事退休福利

截至二零一六年及二零一五年三月三十一日止年度，本集團並無向董事支付就其作為本公司及其子公司董事提供服務而由集團營運的設定收益退休計劃而向其支付的退休福利。

(c) Directors' termination benefit

During the years ended 31 March 2016 and 2015, no payments to the directors of the Company as compensation for the early termination of the appointment.

(c) 董事離職福利

截至二零一六年及二零一五年三月三十一日止年度，本集團並無向董事支付就終止其職位之賠償。

(d) Consideration provided to third parties for making available directors' services

During the years ended 31 March 2016 and 2015, the Company did not provide to any third party for making available director's services.

(d) 向第三方支付提供董事服務之代價

截至二零一六年及二零一五年三月三十一日止年度，本集團並無就提供董事服務而向第三方提供的對價。

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the years ended 31 March 2016 and 2015, no loans, quasi-loans or other dealings in favour of directors of the Company, controlled bodies corporate by and connected entities with such directors.

(e) 有關以董事、董事之受控制法團及關聯實體為受益人之貸款、準貸款及其他交易之資料

截至二零一六年及二零一五年三月三十一日止年度，本集團並無向董事、受該等董事控制的法人團體及該董事的關連主體提供貸款和準貸款。

(f) Directors' material interests in transactions, arrangements or contracts

During the years ended 31 March 2016 and 2015, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(f) 董事於交易、安排或合約之重大權益

本年度內或年結時，本公司並無簽訂任何涉及本集團之業務而本公司之董事直接或間接在其中擁有重大權益之重要交易、安排或合同。

Five Year Financial Summary

五年財務摘要

(All amounts in HK dollar thousands unless otherwise stated)

(除另有指明者外，所有金額均以港幣千元列示)

RESULTS

業績

		Year ended 31 March 截至三月三十一日止年度				
		2012 二零一二年	2013 二零一三年	2014 二零一四年	2015 二零一五年	2016 二零一六年
Turnover	營業額	3,311,304	3,645,940	4,237,425	4,326,486	3,928,217
Gross Profit	毛利	2,335,996	2,518,909	2,998,119	3,025,317	2,705,176
Profit before income tax	除稅前盈利	2,080,989	2,047,404	2,417,245	2,386,247	1,832,915
Income tax expenses	所得稅	(314,250)	(314,804)	(420,381)	(391,054)	(365,380)
Profit for the year	本年度盈利	1,766,739	1,732,600	1,996,864	1,995,193	1,467,535

ASSETS AND LIABILITIES

資產及負債

		As at 31 March 於三月三十一日				
		2012 二零一二年	2013 二零一三年	2014 二零一四年	2015 二零一五年	2016 二零一六年
Total assets	總資產	8,351,919	8,882,793	10,408,406	10,900,867	11,586,222
Total liabilities	總負債	(1,701,670)	(1,257,117)	(1,408,177)	(1,497,025)	1,055,804
Shareholders' funds	淨資產	6,650,249	7,625,676	9,000,229	9,403,842	10,530,418

OTHER FINANCIAL INFORMATION

其他財務數據

		2012 二零一二年	2013 二零一三年	2014 二零一四年	2015 二零一五年	2016 二零一六年
Earnings per share, basic (HK cents)	每股盈利，基本 (港仙)	55.48	54.53	63.76	64.02	46.69
Earnings per share, diluted (HK cents)	每股盈利，攤薄 (港仙)	55.31	54.49	63.72	63.93	46.66
Aggregated dividend per share (HK cents)	每股全年累計股息 (港仙)	16.68	16.88	19.17	9.52	–
Aggregated special dividend per share (HK cents)	每股全年累計特別 股息 (港仙)	5.18	5.28	9.88	22.20	–
Fiscal year-end share prices (HKD)	財政年度結算日股價 (港元)	5.05	3.37	3.56	5.77	2.92
EBIT ratio	EBIT率	62.3%	55.5%	56.1%	53.6%	44.5%
EBITDA ratio	EBITDA率	65.7%	59.4%	60.7%	58.2%	50.1%
ROE	ROE	30.8%	25.2%	24.8%	22.3%	15.0%

Glossary

詞彙

AGM	Annual general meeting	股東週年大會	股東週年大會
Board	The board of directors of the Company	董事會	本公司的董事會
Bye-laws	Bye-laws of the Company	公司細則	本公司之公司細則
CAGR	Compound annual growth rate	年均複合增長率	年均複合增長率
Case	Each case contains 50,000 sticks of cigarette	箱	每箱含50,000支捲煙
CEO	Chief Executive Officer	首席執行官	首席執行官
CFO	Chief Financial Officer	首席財務官	首席財務官
CG Code	Corporate Governance Code as set out in Appendix 14 of the Listing Rules	企業管治守則	上市規則附錄十四所列的企業管治守則
China, Mainland or PRC	The People's Republic of China	中國或國內	中華人民共和國
Yunnan Tobacco Company or Huabao	China Tobacco Yunnan Industrial Co., Ltd. Huabao International Holdings Limited	雲南中煙 本公司或華寶	雲南中煙工業有限責任公司 華寶國際控股有限公司
Director(s)	The director(s) of the Company	董事	本公司董事
EPS	Earnings per share	每股盈利	每股盈利
e-cigarette(s)	electronic cigarettes	電子煙	電子煙
Executive Director(s)	Executive director(s) of the Company	執行董事	本公司之執行董事
F&G	F&G (Botswana) (Proprietary) Limited	F&G	F&G (Botswana) (Proprietary) Limited
FCCA	Fellow member of the Association of Chartered Certified Accountants	FCCA	英國特許公認會計師公會資深會員
FCIS	Fellow member of The Institute of Chartered Secretaries and Administrators	FCIS	英國特許秘書及行政人員公會資深會員
FCPA	Fellow member of the Hong Kong Institute of Certified Public Accountants	FCPA	資深會計師
FCS	Fellow member of The Hong Kong Institute of Chartered Secretaries	FCS	香港特許秘書公會資深會員

Glossary

詞彙

Group or Huabao Group	the Company and its subsidiaries	本集團或華寶集團	本公司及其附屬公司
Guangdong Jinke	Guangdong Jinke Reconstituted Tobacco Leaves Co., Ltd.	廣東金科	廣東金科再造煙葉有限公司
Guangdong Jinye	Guangdong Golden Leaf Technology Development Co., Ltd.	廣東金葉	廣東省金葉科技開發有限公司
Guangdong Tobacco	China Tobacco Guangdong Industrial Co., Ltd.	廣東中煙	廣東中煙工業有限公司
Guangdong Tobacco Company	Guangdong Tobacco and its subsidiaries and related companies	廣東中煙公司	廣東中煙及其附屬公司及關聯企業
Guangdong Zhaoqing	Zhaoqing Perfumery Co., Ltd. (Guangdong)	廣東肇慶	廣東省肇慶香料廠有限公司
Guangzhou Huabao	Guangzhou Huabao Food Co., Ltd. (Formerly known as "Guangzhou Huabao Flavours & Fragrances Co Ltd.")	廣州華寶	廣州華寶食品有限公司 (前稱「廣州華寶香精香料有限公司」)
HKD	Hong Kong dollars, the lawful currency of Hong Kong	港幣	港幣，香港法定貨幣
HKICPA	Hong Kong Institute of Certified Public Accountants	HKICPA	香港會計師公會
Hong Kong or HKSAR	Hong Kong Special Administrative Region of the People's Republic of China	香港	中華人民共和國香港特別行政區
Hongta Blue Eagle	Yunnan Hongta Blue Eagle Paper Co., Ltd.	紅塔藍鷹	雲南紅塔藍鷹紙業有限公司
Hongta Tobacco	Hongta Tobacco (Group) Co., Ltd.	紅塔煙草	紅塔煙草(集團)有限責任公司
Hongta Tobacco Group	Hongta Tobacco and its subsidiaries and related companies	紅塔煙草集團	紅塔煙草及其附屬公司及關聯企業
Huabao Kongque	Shanghai H&K Flavours & Fragrances Co., Ltd.	華寶孔雀	上海華寶孔雀香精香料有限公司

Glossary

詞彙

INED(s)	Independent Non-executive Director(s) of the Company	獨立非執行董事	本公司之獨立非執行董事
Listing Rules	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange	上市規則	聯交所主板證券上市規則
M&A(s)	Merger and Acquisition	併購	合併與收購
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules	標準守則	上市規則附錄十所列的上市發行人董事進行證券交易的標準守則
Owada	Owada Flavours Technology (Guangzhou) Limited	澳華達	澳華達香料科技(廣州)有限公司
R&D	Research and development	研發	研究及發展
RMB	Renminbi, the lawful currency of the PRC	人民幣	人民幣, 中國法定貨幣
RTL	Reconstituted Tobacco Leaves	煙草薄片	再造煙葉
Scheme Mandate Limit	The Maximum number of Shares in respect of which share options may be granted under the Share Option Scheme and any other share option scheme(s) of the Company	計劃授權限額	與根據購股權計劃及任何其他本公司購股權計劃授出之購股權有關之股份數目上限
SFO	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong	證券及期貨條例	香港法例第571章證券及期貨條例
SGM	Special general meeting	股東特別大會	股東特別大會
Shareholder(s)	Shareholder(s) of the Company	股東	本公司之股東
Share(s) or ordinary share(s)	Ordinary share(s) of HKD0.10 each in the capital of the Company	股份或普通股	本公司股本中每股面值港幣0.10元的普通股
Standpoint or SPV	Standpoint Electronic Technology Development (Shanghai) Co., Ltd.	立場或SPV	立場電子科技發展(上海)有限公司
STMA	State Tobacco Monopoly Administration	國煙局	國家煙草專賣局
Stock Exchange	The Stock Exchange of Hong Kong Limited	聯交所	香港聯合交易所有限公司

Glossary

詞彙

U.S.	United States of America	美國	美利堅合眾國
USD	US dollars, the lawful currency of the United States of America	美元	美元，美國法定貨幣
VMR	VMR Products, LLC	VMR	VMR Products, LLC
Xiamen Amber	Xiamen Amber Daily Chemical Technology Co., Ltd.	廈門琥珀	廈門琥珀日化科技股份有限公司
Yancheng Chunzhu	Yancheng City Chunzhu Aroma Co., Ltd.	鹽城春竹	鹽城市春竹香料有限公司
Yunnan Tianhong	Yunnan Tianhong Flavour & Fragrance Co., Ltd.	雲南天宏	雲南天宏香精香料有限公司

Huabao International Holdings Limited
華寶國際控股有限公司